



MSME

HAND BOOK



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Disclaimer:

This handbook has been compiled using information sourced from various government websites and publicly available documents. While every effort has been made to ensure accuracy, the information is provided for reference purposes only.



PRESIDENT'S MESSAGE

It gives me immense pleasure to present this edition of the CODISSIA Handbook for MSMEs, a guide and resource for entrepreneurs, industry stakeholders and aspiring business leaders.

Coimbatore often hailed as the “Manchester of South India” has long been a powerhouse of industrial growth, entrepreneurship and innovation. With a legacy rooted in textile manufacturing, it has evolved into a multi-sectoral hub encompassing engineering, textiles, IT, automotive components and now a vibrant startup ecosystem. The city’s industrious spirit and business-friendly environment have been instrumental in shaping it into one of the most dynamic MSME clusters in India.

CODISSIA has been at the forefront of this growth story for over five decades. As a trusted voice and facilitator for small and medium enterprises in the region, CODISSIA has worked relentlessly to promote policies, build infrastructure and create platforms for innovation and collaboration. Through exhibitions like INTEC, AGRI INTEX, BUILD INTEC, SUBCON, ELEKTROTEC, RAWMAT INDIA, 3P EXPO, WATER INTEC and Build Intec as well as industrial parks and support services, CODISSIA continues to empower MSMEs to thrive in a competitive global economy.

In today’s rapidly changing economic landscape, the ability to scale efficiently is critical for MSMEs. Whether through digital transformation, access to finance, skilling, or exploring new markets, the scaling journey requires resilience, adaptability and robust support systems. CODISSIA remains committed to enabling these growth pathways through advocacy, training and industry linkages.

The MSME sector in Coimbatore has shown remarkable resilience and innovation, contributing significantly to exports, employment and inclusive growth. From traditional industries to advanced manufacturing and green technologies, the region’s MSMEs are embracing the future with confidence.

This handbook is designed to serve as a comprehensive reference for MSMEs covering policy insights, support schemes, business guidance and growth strategies. I encourage every reader to make the most of the resources shared here and to contribute actively to the continued growth and excellence of our MSME ecosystem.

Let us work together to build a stronger, smarter and more sustainable future for MSMEs in Coimbatore and beyond.

Warm regards,

M. KarthiKeyan
President, CODISSIA

Introduction - Definition and Classification of MSME

Ministry of Micro, Small & Medium Enterprises



Micro, Small and Medium Enterprises (MSME) sector has emerged as a highly vibrant and dynamic sector of the Indian economy over the last six decades. MSMEs not only play crucial role in providing large employment opportunities at comparatively lower capital cost than large industries but also help in industrialization of rural & backward areas, thereby, reducing regional imbalances, assuring more equitable distribution of national income and wealth. MSMEs are complementary to large industries as ancillary units and this sector contributes enormously to the socio-economic development of the country. Ministry of Micro, Small & Medium Enterprises (M/o MSME) envision a vibrant MSME sector by promoting growth and development of the MSME Sector, including Khadi, Village and Coir Industries, in cooperation with concerned Ministries/Departments, State Governments and other Stakeholders, by providing support to existing enterprises and encouraging creation of new enterprises. The classification is as follows:

- Micro Enterprises** : Investment up to ₹2.5 crores.
Annual Turnover up to Rs. 10 crores.
- Small Enterprises** : Investment between ₹2.5 crores and ₹25 crores.
Annual Turnover up to Rs. 100 crores.
- Medium Enterprises** : Investment between ₹25 crores and ₹125 crores.
Annual Turnover up to Rs. 500 crores.

For Details <https://msme.gov.in/about-us/about-us-ministry>

Development Commissioner MSME

The Micro, Small and Medium Enterprises- Development Organization (MSME-DO) is headed by the Additional Secretary & Development Commissioner (MSME). The Office of the Development Commissioner (Micro, Small & Medium Enterprises) assists the Ministry in formulating, co-coordinating, implementing and monitoring different policies and programs for the promotion and development of MSMEs in the country. In addition, it provides a comprehensive range of common facilities, technology support services, marketing assistance, etc. through its network of 30 Micro, Small and Medium Enterprises-Development Institutes (MSME-DIs); 28 Branch MSME-DIs; 4 MSME Testing Centers (MSME-TCs); 7 MSME-Testing Stations (MSME-TSs); 2 MSME-Training Institutes (MSME-TIs);

and 1 MSME-Technology Development Center-Hand Tools (MSME-TDC-Hand Tools). We also operate a network of Tool Rooms and Technology Development Centers (including 2 Footwear Training Institutes) which are autonomous bodies registered as Societies under the Societies Act. The Office implements a number of schemes for the MSME sector.

For Details <http://dcmsme.gov.in/>

Khadi & Village Industries Commission

The Khadi & Village Industries Commission (KVIC), established under the Khadi and Village Industries Commission Act, 1956 (61 of 1956), is a statutory organization engaged in promoting and developing khadi and village industries for providing employment opportunities in rural areas, thereby strengthening the rural economy.

For Details <http://www.kvic.org.in/newwebsite/index.html>

Coir Board

The Coir Board is a statutory body established under the Coir Board Industry Act, 1953 (NO. 45 of 1953) for promoting overall development of the coir industry and improving the living conditions of the workers engaged in this traditional industry.

For Details <http://coirboard.gov.in/>

National Small Industries Corporation Limited

NSIC, established in 1955, is headed by Chairman-cum-Managing Director and managed by a Board of Directors. The main function of the Corporation is to promote aid and foster the growth of micro and small enterprises in the country, generally on commercial basis.

For Details <http://www.nsic.co.in/>

National Institute for Micro, Small & Medium Enterprises

NIMSME was originally set up as Central Industrial Extension Training Institute (CIETI) in New Delhi in 1960 as a Department under the Ministry of Industry and Commerce, Government of India. It was decided to keep it free from the tardy and impeding administrative controls and procedures, so that the Institute can play a pivotal role in the promotion of small enterprise. Therefore the Institute was shifted to Hyderabad in 1962, and was renamed as Small Industry Extension Training (SIET) Institute.

For Details <http://nimsme.org/>

Estd. 1969

Legal Framework for MSME's - MSME Acts and Policies



MSME

MICRO, SMALL & MEDIUM ENTERPRISES

- (i) The majority of issues with Ease of Doing Business are associated with regulatory norms. These norms have adverse effect on the general business environment and on the performance of MSME's. Therefore, there is need for changes and simplification of these norms.
- (ii) The first major step in this direction has been taken by the Ministry of MSME by bringing appropriate changes in the classification criterion of MSME's. The new definition and criterion have come into effect from 1st July, 2020. Gears up to implement the New Norms of classification of MSME's.
- (iii) Each state should have its own regulatory system exclusively for MSME's.
- (iv) Review the composition of facilitation council to widen its outreach and access to all stakeholders.
- (v) Most of the states are having one FC at the state level which is not adequate to deal with the number of cases being filed and delay and pendency are common feature. Keeping in view the number of cases coming before the FCs, more FCs is required to be created. To deal with the situation there is need for establishing more FCs and if possible/feasible, an FC should be set up in each district. Increase the number of MSEFCs particularly in larger States such as Madhya Pradesh, Uttar Pradesh, etc., and in areas of large concentration and volume, so as to meet the time specified for resolving cases.
- (vi) The ambit of Facilitation Council needs to be extended to Medium enterprises also. The MSMED Act, 2006 need to be modified to expand jurisdiction of council to the cases involving the second party from another state. The modification should also include the cases already taken up by NCLT which came into effect in the year 2016 much later than MSMED Act, 2006.
- (vii) Promote awareness on Samadhaan among MSE borrowers.
- (viii) Under the Insolvency and Bankruptcy Code, 2016 MSME dues should be given priority over all other unsecured payments after settling dues of employees when a company goes into liquidation or approaches NCLT. Adequate provision in this regard may be made under MSMED Act. At present in case of liquidation proceedings under IBC the MSME's being operational creditors are at the lowest rung down in the priority list.

- (ix) Develop an appropriate legal system to address insolvency, which can play a critical role for smoother exit of MSME's from their present business. It may include out-of-court assistance to MSME's such as mediation, debt counseling, financial education, or the appointment of a trustee.
- (x) MSMED Act, 2006 at present does not contain any provision relating to use of Information Utility. At present submission of unpaid invoices are optional for MSME (operational creditors) under IBC, 2016. Hence, MSME are not utilizing the Information Utility at the fullest fearing black listing by business houses.
- (xi) Specify the process for dispute resolution to be adopted after moratorium period is over. MSMED Act, 2006 does not have any provision for setting up Online Grievance Redressal/Complaint Resolution Mechanism for quick resolution of dispute. An electronic/online system is needed where sellers can upload raise grievances / complaint on any related issue.
- (xii) Decide disputed cases within 90 days to improve liquidity of MSME's and minimize the incidence of NPA.
- (xiii) There is needed to make the Registration of micro, small and medium enterprises easier. It is the procedural aspects of registration and licensing that have the potential to serve as hindrances to MSME owners, owing to their tedious and protracted nature. These need to be simplified.
- (xiv) The MSMED Act does not provide any moratorium from seeking approvals/inspections which becomes a barrier in the ease of doing business for MSME's. There is a need to suitably relax the process. Accordingly, a set of modification is required to ensure - Production First & Permission Later.
- (xv) At present there is no provision of exemption from inspection and approval for MSMEs giving intent to initiate business. Some State Legislations like Gujarat Act is having such provision. Such provision needs to be built in the Central Act with assigning the power to appropriate authority under the Act.
- (xvi) Many states are having different Laws/ ordinances to regulate and promote MSME's. There is no uniformity in these States' Laws. The Central Government may prepare a model law and circulate among states. The adoption of the model law by the state will bring uniformity among all states.
- (xvii) At present there is no provision for ease of doing business under the Act. To provide for the same agencies at State and District levels need to be set up and have a code outlining the processes to encourage ease of doing business.
- (xviii) There is no legal framework for the re-organisation/winding up/exit of small units leading to a huge wastage of human resources, capital (banks and financial institutions) and physical resources (industrial land and buildings, plant, machinery). There is need for recognizing a comprehensive and settled exit policy. NEED FOR MSME CODE
- (xix) To further ensure ease of doing business for the small and micro enterprises, there is need for adoption of MSME Code which will provide detailed procedure for implementing the Act which will bring clarity over the procedural aspects and bring uniformity in the implementation of the Act at the state level and to remove any ambiguity whatsoever.
- (xx) The MSMED Act, 2006 may be reimagined as a comprehensive and holistic MSME Code having a provision for sunset on plethora of complex laws scattered all over the legislative framework. The code will bring clarity regarding the regulatory norms pertaining to the entry, continuance or exit of MSME's, documentation and declaration procedures under several regulatory statutes.
- (xxi) Accordingly MSME code will facilitate smooth and user friendly process of MSME creation and follow up giving due regard to safeguard the interests of stakeholders.

For Details <http://dcmsme.gov.in/>

Benefits of MSME Registration:

Benefits MSME Udyam Registration



Collateral Free loans from banks:

Mandatory RBI direction for collateral free loan

In order to improve the flow of credit to MSMEs, it has been instructed by the RBI that banks may, on the basis of good track record and financial position of the MSMEs, increase the limit of dispensation of collateral requirement for loans from the existing level of Rs.15 lakh to Rs.25 lakh.

Collateral free loan up to Rs. 200 lakh under CGTMSE

The Credit Guarantee Fund Scheme for Micro and Small Enterprises (CGS) was launched by the GOI to make available collateral-free credit to the micro and small enterprise sector. Both the existing and the new enterprises are eligible to be covered under the scheme. The Ministry of Micro, Small and Medium Enterprises, Government of India and Small Industries Development Bank of India (SIDBI), established a Trust named Credit Guarantee Fund Trust for Micro and Small Enterprises (CGTMSE) to implement the Credit Guarantee Fund Scheme for Micro and Small Enterprises.

Priority Lending:

Our first MSME benefit is priority lending. Whether you're the proud owner of a cutting-edge technology business or a masala packing company, employing rural women, credit and loan is something that your business will inevitably require for long- and short-term financing. Banks, by virtue of the directions issued by the Reserve Bank of India, have certain earmarked funds that have to mandatorily be given to MSME businesses. Producing MSME certificate benefits to entitle one to avail this loan on a priority basis with fewer hassles.

Lesser interest rates and availability and access to greater credit:

In the absence of collateral security (any property/cash given as a security against a loan), many business owners may find it extremely hard to secure a loan for starting in their industry. However, with an MSME Registration, all banks are specifically instructed to offer loans at interest rates lower than the usual and one may be able to avail this benefit from several banking institutions for their financing needs.

Eligible for Industrial Promotion Incentives

Enterprises that have MSME Registration are eligible for Industrial Promotion Subsidy as may be prescribed by the Union and State Government in this behalf.

Union Government incentives:

- Enterprises that have MSME Registration Certificate can avail 50% subsidy for patent registration by making an application to the respective ministry.
- 15% Back ended capital subsidy up to Rs. 15 lakh under CLCSS scheme

State MSME Incentive Schemes:

In accordance to the Tamil Nadu MSME Policy - 2021, the following incentives are being extended to Micro, Small and Medium enterprises in the State:

- Capital Subsidy
- Low Tension Power Tariff (LTPT) Subsidy
- Generator Subsidy
- Payroll Subsidy
- Back-ended Interest Subsidy (BEIS)
- Scheme for Promotion of Energy Audit and Conservation of Energy (PEACE)
- Scheme for Reimbursement of Charges for Quality Certification (Q-cert)
- Scheme for Leveraging the Intellectual Property Right (IPR) regime
- Stamp duty exemption
- Scaling up Subsidy
- Subsidy for Fund Raising

Support through Government procurement (GeM):

Government e-Marketplace (GeM) is the National Public Procurement Portal for procurement of goods and services for Union and State Government Organisations. It is an online, end-to-end Marketplace for open, efficient & transparent procurement of goods and services. The platform was launched on 9th August, 2016 and has transformed legacy procurement systems through a disruptive marketplace model and the use of technology, analytics and digitisation of processes. GeM has enabled inclusiveness and reduced the cost of doing business with the Government.

The goods procured by the Government range from highly standardized goods like A4 printing paper, printing cartridges and electronic goods like printers and laptops to highly specialized goods like drilling equipment and medical equipment. Similarly, for services, the spectrum to a more complex set of specialized services such as consulting services and engineering services

Protection against delayed payments

The Ministry of Micro, Small and Medium Enterprises gives protection to MSME Registered Business against delay in payments from Buyers and right of interest on delayed payment through conciliation and arbitration and settlement of dispute be done in minimum time. If any micro or small enterprise that has MSME registration, supplies any goods or services, then the buyer is required to make a payment on or before the date agreed upon between the buyer and the micro or small enterprise. In case there is no payment date on the agreement, then the buyer is required to make payment within fifteen days of acceptance of goods or services. Further, in any case, a payment due to a micro or small enterprise cannot exceed forty-five days from the day of acceptance. Then the interest should be paid by the buyer to MSME and the penal interest chargeable for delayed payment to a MSME enterprise is three times of the bank rate notified by the Reserve Bank of India.

Bill Discounting (TReDS) :

TReDS is a RBI regulated trading platform for buying and selling receivables on a bidding model. The TReDS electronic platform enables discounting of invoices/bills of exchange of MSME sellers against large corporates, including government departments and public sector undertakings (PSUs), through an auction mechanism to ensure prompt realisation of trade receivables at competitive market rates. Multiple financiers participate in the auction. It addresses the twin issues facing MSMEs- prompt encashment of receivables and elimination of credit risk. Broadly, the following steps take place during financing / discounting through TReDS:

- Creation of a Factoring Unit (FU) - standard nomenclature used in TReDS for invoice(s) or bill(s) of exchange - containing details of invoices / bills of exchange (evidencing sale of goods / services by the MSME sellers to the buyers) on TReDS platform by the MSME seller (in case of factoring) or the buyer (in case of reverse factoring);
- Acceptance of the FU by the counterparty - buyer or the seller, as the case may be;
- Bidding by financiers;
- Selection of best bid by the seller or the buyer, as the case may be;
- Payment made by the financier (of the selected bid) to the MSME seller at the agreed rate of financing / discounting;
- Payment by the buyer to the financier on the due date.

The 3 available TReDS platform approved by RBI are:

- Invoice Mart
- RXIL
- M1xchange



Introduction to Starting a Company



How To Start MSME Business In India

Learn how to start a Micro, Small and Medium Enterprise (MSME) business in India with this comprehensive guide. From conducting market research and registering your business to developing effective marketing strategies and leveraging government initiatives, this guide covers everything you need to know to launch and grow your MSME business in India.

Starting a company in India can be a complex process, but with the right guidance, it can be made easier. The first step is to decide on the type of company you want to start, such as a sole proprietorship, partnership, limited liability partnership, or private limited company. Each type of company has its own advantages and disadvantages, and it's essential to choose the one that best suits your business needs.

Types of Companies

There are several types of companies that can be started in India, including:

Sole Proprietorship Firm: A sole proprietorship firm is owned and managed by one single person.

Partnership Firm:

A partnership firm is a form of business where two or more individuals agree to come together and manage the business's operations.

Limited Liability Partnership:

A limited liability partnership differs from an ordinary partnership in terms of the liabilities of the partners.

One Person Company (OPC):

Under one person company, the business owner enjoys twin benefits, first being a solopreneur, and second, being a promoter of the company.

Private Limited Company:

Companies are the most popular form of business structure that is practiced in India.

Public Limited Company:

A public limited company certainly has more advantages than a private limited company.

Steps to Start a Company

To start a company, you need to follow these steps:

Choose a business name:

The first step is to choose a unique and creative name for your company.

Register your company:

Register your company with the Ministry of Corporate Affairs (MCA) and obtain a Certificate of Incorporation.

Obtain a Permanent Account Number (PAN):

Apply for a PAN from the Income Tax Department.

Open a bank account:

Open a bank account in the name of your company to manage your business finances.

Obtain necessary licenses and permits:

Obtain necessary licenses and permits to operate your business.

Registration Process

The registration process for a company in India involves several steps, including:

1. Filing the Memorandum of Association (MoA) and Articles of Association (AoA) with the MCA.
2. Obtaining a Director Identification Number (DIN) for all directors.
3. Obtaining a Digital Signature Certificate (DSC) for all directors.
4. Filing the incorporation application with the MCA.

Conclusion

Starting a company requires careful planning and execution. It's essential to choose the right type of company, register your company, obtain necessary licenses and permits, and open a bank account. By following these steps, you can successfully start a company in India.

Authoritative Sources:

Ministry of Corporate Affairs:

The Ministry of Corporate Affairs is the official government website that provides information on company registration, incorporation, and other related matters.

Income Tax Department:

The Income Tax Department is the official government website that provides information on tax-related matters, including PAN application and tax filing.

Reserve Bank of India:

The Reserve Bank of India is the official government website that provides information on banking and financial matters, including opening a bank account and obtaining necessary licenses and permits.

COMPANY REGISTRATION



Difference between Proprietorship, Partnership, LLP, Pvt Ltd, and OPC

There are key distinctions between the different business entities. Let's understand the difference between Pvt Ltd and LLP, along with sole proprietorship, partnership and OPC:

Registering Authority

- **Sole Proprietorship:** No formal registration is required for a sole proprietorship. However, the proprietor may need to obtain specific licenses or permits depending on the nature of the business.
- **Partnership Company:** Registration is optional and can be done under the Partnership Act, of 1932. If not registered, the firm may face certain legal disadvantages, such as not being able to sue in its own name.
- **Private Limited Company:** Registration is mandatory with the Ministry of Corporate Affairs under the Companies Act, 2013. This ensures the company's legal status and governance under Indian corporate law.
- **Limited Liability Company:** Registered with the Ministry of Corporate Affairs under the Limited Liability Partnership Act, 2008. This firm combines the benefits of both a company and a partnership.
- **One Person Company:** Registration must be done with the Ministry of Corporate Affairs under the Companies Act, 2013. This entity structure allows a single person to own and run a corporate entity while enjoying limited liability.

Name of the Entity

- **Sole Proprietorship:** The proprietor can choose any name without formal approval, though it is wise to avoid names that are already in use or trademarked.
- **Partnership Company:** The name is chosen by the promoters and does not require formal approval. However, it is advisable to avoid names already trademarked or registered to prevent legal disputes.
- **Private Limited Company:** The name chosen by the promoter must be approved by the Registrar of Companies. It should be unique and not similar to any existing company or LLP name and must not contain any offensive or illegal terms. The name must end with a "Pvt Ltd" or "Private Limited Company."

- **Limited Liability Company:** The chosen name needs approval from the Registrar and must comply with the standards of uniqueness and appropriateness. The name should end with “LLP” or “Limited Liability Partnership.”
- **One Person Company:** Similar to private limited companies, the name must be approved by the Registrar of Companies and adhere to uniqueness and proper standards. The name must end with “OPC” or “One Person Company.”

Legal Status of Entity

- **Sole Proprietorship:** Proprietorship is not recognized as a separate legal entity. This means the proprietor is personally liable for all the debts and obligations of the business.
- **Partnership Company:** Not considered a separate legal entity. The partners are personally liable for all debts and obligations of the firm, making their assets vulnerable.
- **Private Limited Company:** Considered as a separate legal entity under the Companies Act, 2013. It offers limited liability protection to its shareholders, meaning they are not personally responsible for the company’s debts.
- **Limited Liability Company:** This entity is registered under the LLP Act 2008, and is considered a separate legal entity. Partners have limited liability, protecting their personal assets.
- **One Person Company:** Also recognized as a separate legal entity under the Companies Act 2013. It provides limited liability to its sole director, shielding personal assets from business liabilities.

Member(s) Liability

- **Sole Proprietorship:** The proprietor has unlimited liability, bearing full personal responsibility for any debts or losses incurred by the business.
- **Partnership Company:** Partners have unlimited liability, making them personally responsible for all debts and obligations of the firm.
- **Private Limited Company:** Shareholders have limited liability, meaning they are only liable up to the amount they have invested in share capital.
- **Limited Liability Company:** Partners have limited liability based on their agreed contributors to the partnership. This safeguards personal assets from business liabilities.
- **One Person Company:** The director and nominee director also have limited liability, confined to share capital.

Minimum Number of Members

- **Sole Proprietorship:** 1 person is required, who is the sole owner and operator of the business.
- **Partnership Company:** At least 2 partners are required to establish a partnership firm.
- **Private Limited Company:** Requires at least 2 members to be incorporated.
- **Limited Liability Company:** Requires a minimum of 2 partners to start the business.
- **One Person Company:** Can be formed by 1 person, making it a viable option for sole entrepreneurs seeking limited liability.

Maximum Number of Members

- **Sole Proprietorship:** Operated solely by 1 individual, with no scope for additional members.
- **Partnership Company:** Limited to a maximum of 20 partners as per the Partnership Act, 1932.
- **Private Limited Company:** Can have up to 200 shareholders, providing flexibility for small to medium-sized businesses.

- **Limited Liability Company:** No maximum limit on the number of partners, allowing for substantial growth in terms of partnership.
- **One Person Company:** Limited to 1 director and 1 nominee director, designed specifically for single-person ownership.

Foreign Ownership

- **Sole Proprietorship:** Foreigners are not allowed to start or own a sole proprietorship in India.
- **Partnership Company:** Foreigners are prohibited from forming or investing in a partnership in India.
- **Private Limited Company:** Foreign investment is permitted under the automatic approval route in most sectors. It offers flexibility for international stakeholders.
- **Limited Liability Company:** Foreign investment is allowed, but it requires prior approval from the Reserve Bank of India (RBI) and the Foreign Investment Promotion Board (FIPB).
- **One Person Company:** Foreigners are not allowed to incorporate or manage an OPC in India.

Transferability

- **Sole Proprietorship:** Ownership is non-transferable except through inheritance, limiting its flexibility.
- **Partnership Company:** Transfer of ownership requires an amendment to the partnership deed, making it less straightforward.
- **Private Limited Company:** Ownership can be easily transferred through the sale or transfer of shares, allowing flexibility in ownership changes.
- **Limited Liability Company:** Ownership can be transferred by adding or removing partners as per the LLP agreement.
- **One Person Company:** Ownership transfer is possible, but it may involve compliance with additional regulatory requirements.

Existence or Survivability

- **Sole Proprietorship:** Dependent entirely on the proprietor and the business ceases to exist upon their death or decision to close the business.
- **Partnership Company:** Dependent on its partners and the firm may dissolve upon the death or withdrawal of a partner.
- **Private Limited Company:** The Company's existence is independent of its directors or shareholders. It continues until formally dissolved by regulatory authorities or voluntarily.
- **Limited Liability Company:** The existence is not dependent on the partners and can only be dissolved voluntarily or by a court order.
- **One Person Company:** Exists independently of the director or nominee. It continues until it is dissolved by regulatory means.

Taxation

- **Sole Proprietorship:** Taxed according to individual income tax rates, based on the total income of the proprietor.
- **Partnership Company:** Taxed at a flat rate of 30% on profits, plus any surcharge and cess.
- **Private Limited Company:** Taxed at 30% on its profits, plus applicable surcharge and cess.
- **Limited Liability Company:** Subject to a tax rate of 30% on profits, including any applicable surcharge and cess.
- **One Person Company:** Taxed at a flat rate of 30% on profits, with surcharge and cess as applicable.

Annual Statutory Meetings

- **Sole Proprietorship:** No statutory requirement for annual meetings.
- **Partnership Company:** Not required to conduct any formal annual meetings.
- **Private Limited Company:** Required to conduct regular board and general meetings to comply with statutory requirements.
- **Limited Liability Company:** No statutory requirement to hold annual meetings.
- **One Person Company:** Must hold an annual statutory meeting, despite having only one member.

Annual Filings

- **Sole Proprietorship:** No requirement to file an annual report with the Registrar of Companies (ROC), but the proprietor must file an Income Tax Return (ITR) based on personal income.
- **Partnership Company:** Not required to file annual reports with the ROC, but must file an ITR based on income.
- **Private Limited Company:** Required to file annual accounts and returns with the ROC and submit an ITR.
- **Limited Liability Company:** Must file an Annual Statement of Accounts & Solvency and an Annual Return with the Registrar, along with an ITR.
- **One Person Company:** Must file annual accounts and returns with the ROC and an ITR.

Registration Cost

- **Sole Proprietorship:** No formal registration cost, but optional licenses like GST registration or a Shop and Establishment license may involve nominal fees.
- **Partnership Company:** The registration fee varies by state, typically ranging from ₹500 to ₹2,000. Plus, this would require the cost of a partnership deed which can be around ₹1,000 to ₹5,000.
- **Private Limited Company:** The registration costs include the name reservation fee of ₹1,000 and incorporation fee ranging from ₹1,500 to ₹7,000 based on authorized capital. Other costs average around ₹6,000 to ₹15,000, excluding professional fees.
- **Limited Liability Company:** The registration cost is approximately ₹1,000 for the incorporation fee, plus ₹50 to ₹200 for name reservation and other miscellaneous expenses. It can total around ₹5,000 to ₹10,000.
- **One Person Company:** Similarly to Pvt Ltd Company, with registration costs of around ₹6,000 to ₹10,000, depending on authorized capital and excluding professional fees.

STEPS TO REGISTER MSME

How To Register Your MSME / SSI Online In India

- Fill the online form with relevant details.
- Use your e-Aadhar OTP for verification.
- Once you upload the form and documents, you would be getting your registration number.
- Once the application is approved, your business gets registered and the documents shall be sent to you.
- Within 1-2 working days, the valid MSME certificate will be issued which is for both manufacturing and service sector.



www.msmeRegistrar.org

To register for MSME (Micro, Small, and Medium Enterprise) in India, you can follow these steps:

1. Go to the Udyam registration portal
2. Select For new entrepreneurs
3. Enter your Aadhaar number and name
4. Click Validate & Generate OTP
5. Follow the instructions on the screen to complete the registration

Eligibility

- You must be a proprietorship, partnership firm, company, trust, or society
- Your investment must be less than Rs.125 crores
- Your annual turnover must be less than Rs.500 crores

Benefits of MSME registration

- You can access government services and benefits for MSMEs
- You can add multiple activities, like manufacturing or services, in a single registration

What if I already have an MSME registration?

If you already have an UDYAM registration, or any other registration issued by the Ministry of MSME, you must re-register.

MSME Databank

You can register on the MSME Databank using your Udyog Aadhaar Number.

COMPLIANCE BASED ON FORMATION OF MSME



All You Need to know about MSME Compliances

MSME compliance includes following legal, regulatory, and operational guidelines set by the government. Compliance is important for MSMEs to avoid penalties, build credibility, and gain customer trust.

Tax compliance

- Register for GST if your turnover exceeds a specified limit
- File GST returns regularly
- File income tax returns (ITR) every year
- Pay advance tax based on estimated annual income

MSME Form 1

- Submit MSME Form 1 to the Ministry of Corporate Affairs every six months
- Provide PAN card details and DIN details for the director, manager, CEO, CFO
- Provide FYI form, due date, and amount due for suppliers

Labor laws

- Comply with labor laws, including the EPF Act (Provident Fund) and ESI Act (Employees' State Insurance)
- Environmental laws Comply with environmental laws.
- Safety laws
- Comply with safety laws, including national and international safety regulations
- Quality and safety standards Adhere to quality and safety standards and Consider industry-specific certifications.

Other compliance

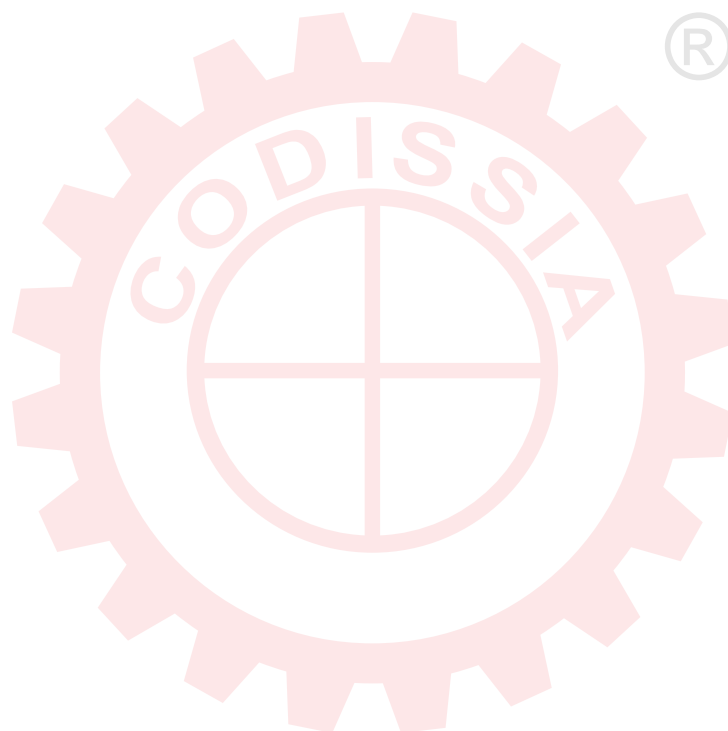
- Comply with licensing requirements
- File Payables Returns, which details outstanding payment information

Penalties

- Failure to comply with MSME laws can lead to penalties, fines, legal action, loss of reputation, and even business closure

Website Links

1. Udyam Registration - <https://www.scsthub.in/content/udyam-registration-portal>
2. MSME Dashboard - <https://dashboard.msme.gov.in/>
3. Incubation - <https://my.msme.gov.in/inc/>
4. MSME Samadhaan - https://samadhaan.msme.gov.in/MyMsme/MSEFC/MSEFC_Welcome.aspx
5. MSME Sambandh - https://sambandh.msme.gov.in/PPP_Index.aspx
6. Credit Linked Capital Subsidy Scheme - https://my.msme.gov.in/mymsme/reg/COM_ClcssAppForm.aspx
7. Cluster Development Programme - <https://cluster.dcmsme.gov.in/>
8. Design - <https://innovative.msme.gov.in/Home/Index>
9. Procurement and Marketing Support Scheme - https://my.msme.gov.in/MyMsme/Reg/COM_Matu.aspx
10. Intellectual Property Rights - <https://innovative.msme.gov.in/Home/IprIndex>
11. Scheme of Fund for Regeneration of Traditional Industries (SFURTI) - <https://sfurti.msme.gov.in/SFURTI/Home.aspx>
12. MSME Testing Centre - <https://tc.dcmsme.gov.in/TestingCenter/index.aspx>
13. International Cooperation - https://ic.msme.gov.in/IC_APP/IC_Welcome.aspx
14. Grievance Monitoring System - <https://champions.gov.in/Government-India/Ministry-MSME-Portal-handholding/msme-problem-complaint-welcome.htm>
15. MSME DataBank - <https://www.scsthub.in/msme-databank>
16. Aspirational District - <https://my.msme.gov.in/MyMsme/LdapLogin.aspx>
17. Zero Defect Zero Effect - <https://zed.msme.gov.in/>
18. B2B Portal - <https://www.msmemart.com/>
19. Credit Guarantee (CGTMSE) - <https://www.cgtmse.in/>
20. Prime Minister Employment Generation Programme (PMEGP) - <https://www.kviconline.gov.in/pmegpeportal/pmegphome/index.jsp>
21. A Scheme For Promoting Innovation, Rural Industry & Entrepreneurship (ASPIRE) - <https://aspire.msme.gov.in/ASPIRE/AFHome.aspx>
22. MSME Schemes - <https://my.msme.gov.in/MyMsmeMob/MsmeScheme/Home.htm>
23. MSME Project Profiles - <https://my.msme.gov.in/MyMsmeMob/MsmeProjectProfile/Splash.htm>
24. ATI Scheme - <https://ati.msme.gov.in/ATI/home.aspx>
25. Tool Rooms - SDNIS - <https://ab.dcmsme.gov.in/>
26. ESDP Scheme - <https://msmedi.dcmsme.gov.in/>
27. Web Link - https://my.msme.gov.in/MyMsme/Reg/COM_Weblink.aspx
28. PM Vishwakarma - <https://pmvishwakarma.gov.in/>



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GOVERNMENT OF INDIA MSME SCHEMES



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Prime Minister's Employment Generation Programme (PMEGP)

Objective:

- The scheme aims to provide financial assistance to set up employment opportunities in rural as well as urban areas. self-employment ventures and generate sustainable
- To generate sustainable and continuous employment opportunities for rural and unemployed youth as well as prospective traditional artisans and thereby halt occupational migration.

Key Benefits:

- Credit linked subsidy program for setting up new micro-enterprise in non-farm sector.
- Margin Money subsidy ranges from 15% to 35% of project cost for projects up to Rs. 50 Lakh in Manufacturing sector and Rs. 20 Lakh in the Service sector.
- For beneficiaries belonging to Special categories such as SC/ST/ Women/ Minorities/ Ex-Servicemen/ Transgenders/ Aspirational districts/NER, the margin money subsidy is 35% in rural areas and 25% in urban areas.

Scheme applicable for:

- Any individual, above 18 years of age can apply.

Detailed Information:

- The own contribution of the beneficiary is 10% of the project cost in case of General category and 5% of the project cost in case of Special category (SC/ST/OBC/PH/Women/Ex Servicemen/Transgenders/Aspirational Districts/NER) beneficiaries.
- If the application for loan is approved, Banks sanction and release the balance amount of 90 to 95% of the total project cost suitably for setting up of the units by the beneficiaries.
- In order to have sustainability of the projects/units set up under the scheme, support services are also provided in the form of Backward & Forward Linkages by organizing events like workshops, EDP training to the beneficiaries, exhibitions, etc.
- Government of India has introduced online process for flow of applications and disbursement of Margin Money directly to financing branches.
- Online application form is mandatory for individuals on the e-portal. The application form/PMEGP MIS portal is mobile friendly. SMS/e-mail alerts are sent to the applicants automatically by the system or by the concerned officials at each stage.
- Model Projects Reports of different activities have been put up on PMEGP e-portal for the benefit of potential beneficiaries.
- To increase the registration of MSMEs in the country, the Government has undertaken measures for PMEGP units to adopt the Udyog Aadhar Memorandum (UAM)/UDYAM Registration.

How to Apply:

- Apply on <https://www.kviconline.gov.in/pmegportal/pmegphome>

1.1) 2nd Loan for up-gradation of the existing PMEGP/REGP/ MUDRA units

Objective:

- With an objective to assist existing units for expansion and upgradation, the scheme provides financial assistance to successful/well performing units.
- The scheme also caters to the need of the entrepreneurs for bringing new technology/ automation so as to modernize the existing unit.

Key Benefits:

- Maximum subsidy would be 15% of the project cost (20% for NER and Hill States). The balance amount of the total project cost is provided by Banks as term loan.

Scheme applicable for:

- Existing well performing PMEGP/REGP/MUDRA units.

Detailed Information:

- Further financial assistance scheme for expansion/ upgrade the existing PMEGP/REGP/MUDRA units for manufacturing and Service/ Trading units from the year 2018-19.
- The maximum cost of the project under manufacturing sector for up-gradation is Rs.1.00 crore and Rs. 25.00 lakhs under Service/ Trading sector.
- Maximum subsidy would be 15% of the project cost (20% for NER and Hill States) i.e. Rs. 15.00 lakhs in Non-NER and Rs. 20.00 Lakh for NER and Hill States. The balance amount of the total project cost shall be provided by Banks as term loan.
- All existing units financed under PMEGP/MUDRA Scheme whose margin money claim has been adjusted and the first loan availed has been repaid in stipulated time are eligible to avail the benefits.
- The units should have been making profit for the last three years.
- Beneficiary can apply to the same financing bank, which sanctioned the loan for their unit, or to any other financing bank, which is willing to extend credit facility for second loan.
- The beneficiary can choose any implementing agency and that may be different from the agency chosen for 1st loan.
- Registration of Udyog Aadhar Memorandum (UAM)/UDYAM REGISTRATION is mandatory.
- The 2nd loan should lead to additional employment generation.
- To submit the application under 2nd loan for up-gradation, the beneficiaries have to apply by filling application form on PMEGP e-Portal.

How to Apply:

- Apply on <https://www.kviconline.gov.in/pmegportal/pmegphome>

Credit Guarantee Scheme for Micro & Small Enterprises (CGTMSE)

Objective:

- To encourage first generation entrepreneurs to venture into self-employment opportunities by facilitating credit guarantee support for collateral free / third-party guarantee-free loans to the Micro and Small Enterprises (MSEs).

Key Benefits:

- Credit guarantee for loans up to Rs. 5 crore, without collateral and third-party guarantee.
- Guarantee coverage ranges from 75% to 90%.

Scheme applicable for:

- MSEs registered on Udyam Portal.

Eligibility Activity:

- All activities eligible as per MSMED Act.

Detailed Information:

- Any collateral/ third-party guarantee free credit facility extended by eligible Member Lending Institutions (MLIs) to new as well as existing MSEs, including Service Enterprises, Trading (Retail/Wholesale Trade) & Educational/Training Institutions, with a maximum guarantee ceiling of Rs. 5 crore, is eligible for guarantee under the Scheme.
- Hybrid Security model also eligible wherein the MLIs are allowed to obtain collateral security for a part of the credit facility, whereas the remaining unsecured part of the credit facility, (up to a maximum of Rs. 5 crore), can be covered under the Scheme.
- The extent of guarantee coverage under various categories of borrower is as under:

Category (including trading activity)	Maximum extent of Guarantee Coverage when guaranteed credit facility is		
	Upto Rs. 5 lakh	Above Rs. 5 lakh & upto Rs. 50 lakh	Above Rs. 50 lakh & upto Rs. 5 crore
Micro Enterprises	85%	75%	75%
MSEs located in North East Region, UT of 75% Jammu & Kashmir and UT of Ladakh	80%		
Women entrepreneurs	90%		
SC/ST entrepreneurs / MSMEs situated in Aspirational District / ZED certified MSEs / Person with Disability (PwD)	85%		
All other category of borrowers	75%		
The extent of guarantee coverage for MSEs situated in Identified Credit Deficient Districts (ICDD) by RBI is additional 5% over and above the applicable guarantee coverage (i.e. for guarantee coverage of 75%, the coverage would be 80%, for 80% it would be 85%, for 85% it would be 90% and for 90% it would be 95%).			

How to Apply:

- Through MLIs (Banks/NBFCs) of Credit Guarantee Trust Fund for Micro and Small Enterprises (CGTMSE).
- For detailed guidelines, please visit <https://www.cgtmse.in>

Micro & Small Enterprises Cluster Development Programme (MSE-CDP) Scheme

Objective:

- To support the sustainability and growth of MSEs by addressing common issues such as improvement of technology, skills & quality, market access, etc.
- To create/upgrade infrastructural facilities in the new/ existing Industrial Areas/Clusters of MSEs.
- To set up Common Facility Centres (for testing, training, raw material depot, effluent treatment, complementing production processes, etc).
- Promotion of green & sustainable manufacturing technology for the clusters.

Key Benefits:

- Creation of Common Facility Centers including Plug & Play Facilities.
- Support for Infrastructure Development Projects including Flatted Factory Complexes.

Scheme applicable for:

- Existing Entrepreneurs [in form of a Special Purpose Vehicles (SPVs)].

Detailed Information:

- COMMON FACILITY CENTRES: Creation of, “Tangible Assets” such as Common Production / Processing Centre, Design Centers, Testing Facilities including Plug & Play Facilities. GoI Assistance: up to 80% of the maximum Project cost of Rs. 30 crores.
- INFRASTRUCTURE DEVELOPMENT: Development of land, roads, drainage, power distribution etc. in new/ existing industrial (multi-product) areas/estates/Flatted Factory Complex. GoI Assistance: up to 70% of the maximum Project cost of Rs. 15 crores.

How to Apply:

- Apply on: <https://cluster.dcmsme.gov.in>

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Scheme of Fund for Regeneration of Traditional Industries (SFURTI)

Objective:

- To organize traditional industries and artisans into collectives by increasing production and value addition to make products competitive.
- To promote traditional sectors and increase income of artisans providing sustainable employment.

Key Benefits:

- GoI support:
- Upto Rs. 2.5 cr. for upto 500 artisans
- Rs. 5 cr for more than 500 artisans.
- A production facility is set up with latest machineries
- Raw material support
- Soft Interventions – upto Rs. 25 lakhs
- Skill Development
- Exposure Visits
- Buyer Seller Meets
- Marketing connect, e-commerce
- Design support

Scheme applicable for:

- Existing artisans from traditional industries in sectors such as Handicraft, Textile, Agro-Processing, Bamboo, Honey, Coir, Khadi, etc.

Detailed Information:

- Artisans are constituted into Special Purpose Vehicles (SPVs) by Implementing Agencies (State/Central Govt. organizations, NGOs) who need to provide land and 10% (5% in NER, J&K and Hill Areas) of Hard Intervention.
- Financial assistance of up to 90% (95% in NER, J&K and Hill Areas) of Hard Intervention cost, entire cost of Soft Intervention, Technical Agency fee and Implementing Agency fee is given by GoI.
- Detailed guidelines are available on <https://sfurti.msme.gov.in/SFURTI/Home.aspx>

How to apply:

- Apply on: <https://sfurti.msme.gov.in/SFURTI/Home.aspx>

Entrepreneurship and Skill Development Programme (ESDP)

Objective:

- To promote new enterprises, capacity building of existing MSMEs and inculcating entrepreneurial culture in the country.

Key Benefits:

- Widen the base of entrepreneurship by development, achievement, motivation and entrepreneurial skill to the different sections of the society.

Scheme applicable for:

- Aspiring and Existing Entrepreneurs.

Detailed Information:

- Entrepreneurship Awareness Programme (EAP)-One Day training programme is conducted for Entrepreneurship/ Self-employment awareness and motivation to different sections of the society including SC/ ST/ Women, differently abled, Ex-servicemen and BPL persons as career options.
- Entrepreneurship cum Skill Development Programme(E-SDP) - Six weeks training programme is conducted for Entrepreneurship & Skill Training in Agro Based Products, Hosiery, Food & Fruit Processing Industries, Carpet Weaving, Mechanical Engineering Workshop/ Machine Shop, Heat Treatment, Electroplating, Basic/Advance Welding/ Fabrication/Sheet metal work, Basic/ Advance Carpentry, Glass & Ceramics etc.
- Advance E-SDP: The One Week Advance ESDP programmes are conducted through IIMs/IITs/ICAR/CSIR/BARC/ IISC/NIT/ Agricultural University of Central and State government etc.
- Management Development programme (MDP)- One-week training programme for Management capacity building Training to Existing Entrepreneurs and their supervisory staff in Industrial Management, Human Resource Management, Marketing Management, Export Management/ Documentation & Procedures, Materials Management, Financial/Working Capital Management, Information Technology, Digital Marketing, Quality Management/QMS/ ISO 9000/EMS, WTO, IPR, Supply Chain Management, Retail Management, Logistics Management etc.
- Advance MDP: The One Week Advance MDP Training Programmes is conducted through State Administrative Training Institutes (ATIs) and/or other reputed institutions in this domain of Central or State Governments/ NITs/ Regional Engineering Colleges/ Agricultural colleges/Autonomous bodies of Central/State Governments to provide MDP training to MSMEs promoters/executives.

How to apply:

- Apply through the websites of MSME-DFOs, MSME-TC and other Implementing Agencies under ESDP scheme.

The scheme link – <http://dcmsme.gov.in/Enterprise&skillDevelopment.htm>

and

<http://msmedi.dcmsme.gov.in>

Assistance to Training Institutions (ATI) Scheme

Description:

- The assistance is provided to National level training institutions operating under the Ministry of MSME, namely, NI-MSME, KVIC, Coir Board, Tool Rooms, NSIC & MGIRI in the form of capital grant for the purpose of creation and strengthening of infrastructure and support for entrepreneurship development and skill development training programmes. Assistance is also provided to existing State level EDIs i.e. owned and controlled by a State Government/UT for creation or strengthening/ expansion of their training infrastructure.

Nature of Assistance:

- Amount of assistance will not exceed the actual amount for strengthening/ expansion of the infrastructure required by the training institutions of this Ministry. Scale of maximum assistance to the State level EDIs will be restricted to Rs.3.00 crore in each case. Assistance for skill development programmes will be provided as per the prescribed rates.

Who can apply:

- Institutions of Ministry of MSME and existing State level EDIs.

How to apply:

- Organizations wishing to apply for assistance for creation or strengthening of infrastructure may send their applications to the Director/Deputy Secretary (EDI), Ministry of Micro, Small and Medium Enterprises, Udyog Bhawan, Rafi Marg, New Delhi –110011.

Whom to contact:

- Deputy Secretary (EDI), M/o MSME

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Coir Vikas Yojana- Umbrella Scheme

Coir Vikas Yojana (CVY) is an Umbrella Scheme being implemented by Coir Board for the Development of Coir Industry all over the country.

Objective:

- To enhance utilization of the raw material abundantly available in the country at economic levels of production.
- To increase income/returns to workers, entrepreneurs, exporters and other stake-holders of the industry.
- Full utilization of the market potential of the products within the country and abroad and Industry related functional support services.
- Development of improved equipment machinery, processes and new products.
- Promoting large scale investment in Coir Industry.
- Development of skilled manpower for Coir industry, empowerment of rural women and Employment Generation.
- Welfare measures for coir workers.
- To upgrade the coir industry through technological interventions and integration of various Digital Platforms.

Under this Umbrella Scheme, the Coir Board is implementing the following sub schemes/ programmes:

I. SCIENCE & TECHNOLOGY

The Scheme component envisages undertaking various Research and Development activities for the modernization and technological upgradation of the coir industry and extension of the fruit of the research at the laboratory level for application at the field level and extension of testing and service facility.

II. SKILL UPGRADATION AND MAHILA COIR YOJANA

a. Skill Upgradation

Under this programme, the Board is imparting stipendiary training on value addition processes by providing the services of the trainers and with a view to disseminate information on the schemes and latest technologies available in coir sector and also to attract prospective entrepreneurs to this sector, the Board also organizes Entrepreneurship Development Programmes, Workshops, Seminars, Awareness Programmes, Exposure Tour etc. under this Scheme.

b. Mahila Coir Yojana

Mahila Coir Yojana is a women oriented, self-employment scheme being implemented by the Coir Board. The scheme is intended to provide training with stipend facilities and creation of self-employment opportunities to rural women artisans in regions producing coconut.

III. EXPORT MARKET PROMOTION

The activities of the Board under Export Market Promotion include participation in international exhibitions, publicity, providing assistance under Export Market Development Assistance Scheme/International Co-operation Scheme etc.

IV. DOMESTIC MARKET PROMOTION

The main activities under the Domestic Market Promotion scheme are display cum sales of coir products through its Showrooms & Sales Depots, participation in domestic exhibitions organized by other Agencies, organizing exclusive fairs, disbursement of Market Development Assistance (MDA) to the Coir Co-operative units, societies etc through the State Governments/ UTs concerned.

V. TRADE AND INDUSTRY RELATED FUNCTIONAL SUPPORT SERVICES

The activities under this programme would involve primary and secondary level information search, collection and statistical analysis of information including export, drawing inferences and preparation and publication of the reports.

VI. WELFARE MEASURES

The Coir Board is planning to introduce new welfare scheme for the welfare of Coir workers in place of Pradhan Mantri Suraksha Bima Yojana (PMSBY).

Scheme applicable for:

- All Coir Production/processing units registered under Coir Board and having valid Udyam Registration Certificate.

How to apply:

- The details of the Schemes are available in the Coir Board Website <http://coirboard.gov.in>



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Procurement and Marketing Support (PMS) Scheme

Objective:

- The scheme aims to promote new market access initiatives like organizing / participation in National / International Trade Fairs / Exhibitions / MSME Expo, etc. held across the country and to create awareness and educate the MSMEs about the importance / methods/ process of packaging in marketing, latest packaging technology, import-export policy and procedure, GeM portal, MSME Conclave, latest developments in international / national trade and other subjects / topics relevant for market access developments.

Scheme components:

Market Access

- Participation of Individual MSEs in Trade Fairs / Exhibitions.
- Organizing Domestic/ International Trade Fairs/Exhibition and participation in trade fairs/exhibitions by the Ministry/Office of DC (MSME)/Government organizations.
- Vendor Development Program (VDP).

Capacity Building

- Adoption of Modern Packaging Techniques
- Adoption of Bar Code
- Adoption of e-Commerce Platform
- National Workshops / Seminars
- Organizing National workshops/seminars by the Ministry / Office of DC (MSME) (Conventional/Virtual).

Development of Retail Outlet

- Infrastructure development of Retail Outlets for promoting (Geographical Indication) GI Products.

Detailed Information:

- For detailed information, refer PMS Scheme guidelines on <http://dcmsme.gov.in/OM%20&%20PMS%20Scheme%20Guidelines.pdf>

Scheme applicable for:

- Manufacturing/ Service Sectors MSEs having valid Udyam Registration (UR) Certificate.

How to apply:

- Apply on: www.dcmsme.gov.in | https://my.msme.gov.in/MyMsme/Reg/COM_Matu.aspx

International Cooperation (IC) Scheme

Objective:

- The scheme aims to build Capacity of MSMEs for entering export market by facilitating their participation in international exhibitions/ fairs/conferences/ seminar/ buyer-seller meets abroad as well as providing them with actionable market-intelligence and reimbursement of various costs involved in export of goods and services. The Scheme provides opportunities to MSMEs to continuously update themselves to meet the challenges emerging out of changes in technology, changes in demand, emergence of new markets, etc.

The Scheme covers the following sub-components:

- Sub-Component-I: Market Development Assistance of MSMEs (MDA).
- Sub-Component-II: Capacity Building of First Time MSE Exporters (CBFTE).
- Sub-Component-III: Framework for International Market Intelligence Dissemination (IMID).

As on date, Sub-Component-I and Sub-Component-II are in operation. The guidelines of these two components have already been circulated which are available on Ministry's website. Sub-Component-III will be in operation soon.

Eligible Organisations under Sub-Component-I:

- Ministry of MSME and organizations under the Ministry.
- State/Central Government Organizations/Institutions and Registered Industry/Enterprise Associations etc.

Activities covered under Sub-Component-I

- Participation of MSME delegations in international exhibitions, trade fairs and buyer-seller meets in foreign countries (Physical Mode).
- Space Rent (Stall Charges): Upto Rs. 3.00 lakh per MSME.
- Air Fare : Upto Rs.1.50 lakh per MSME.
- Duty allowance: USD150 per day for Office Bearer.
- Freight charges: Upto Rs.50,000/-per MSME unit and Rs.75,000/-per MSME for Latin American Countries.
- Advertisement and publicity charges: Upto Rs.5.00 lakh.
- Registration fee: Upto Rs.5,000/-

- Participation of MSME delegations in international exhibitions, trade fairs and buyer-seller meet by Foreign Organisers (Virtual Mode).
- Space/Stall Charges including catalogue/digital material charges for Participating in the Virtual International Events organized by foreign countries: Upto Rs.1.5 lakh.
- Advertisement and Publicity Charges: Upto Rs.5.00 lakh.
- Organizing International conferences/ summits/ workshops/Seminars on the themes relevant to MSME sector (Physical Mode) to be organized in India by the Industry Associations/Government Organizations.
- Charges for holding/organizing the International conferences/summits/workshops/seminars in India by Industry Associations including charges for venue rent, catering, advertisement & publicity, security arrangement, etc. Upto Rs.10.00 lakh.
- Economy class Airfare for foreign speakers/experts/resource persons: Upto Rs.5.00 lakh.
- Organising International conferences/ summits/workshops/ seminars on the themes relevant to MSME sector (Virtual Mode) to be organized by Industry Associations/ Government Organizations.
- Virtual Space/ Platform/License Fee/ Rent for Organising Conferences /summits/ workshops/seminars: Upto Rs. 2.00 lakh.
- Publicity Cost incurred on promotion/marketing/publicity of the event: Upto Rs.5.00 lakh.
- Translation and Interpretation charges involved in the virtual event: Upto Rs.1.00 lakh.
- Organising Mega international conferences/summits/ workshops/seminars, bilateral/multilateral Government to Government Events in India (Physical /Virtual Mode) by Ministry of MSME, its organizations solely or in partnership with industry associations for promotion of MSME sector.

Sub-Component-II

Under this component, incidental costs viz. Registration cum Membership certification (RCME); Export Insurance Premium; Quality certification is reimbursed to first time MSE Exporters. The Ministry on 20.09.2022 has signed MoUs with 18 Export Promotion Councils (EPCs), Export Credit Guarantee Corporation Ltd (ECGC) and National Small Industries Corporation Ltd (NSIC) as implementing agencies for Reimbursement of RCMC Fees, Export Insurance Premium and Testing & Quality Certification to MSEs.

For more detailed information, refer to Scheme guidelines, on the following link:

<https://msme.gov.in/sites/default/files/RevisedICScheme2021.PDF>

How to apply:

- Apply on: <http://ic.msme.gov.in/>

National SC-ST Hub Scheme

Objective:

- To provide professional support to Scheduled Caste and Scheduled Tribe Entrepreneurs to fulfill the obligations under the Central Government Public Procurement Policy for Micro and Small Enterprises Order 2012, adopt applicable business practices and leverage the Stand-Up India initiatives.

Key Benefits:

- 25% subsidy on purchase of plant & machinery/ equipment or Rs. 25 lakh whichever is less.
- Marketing and mentoring support through participation in exhibitions and vendor development programmes.
- Reimbursement of fees charged for bank loan processing, testing services, membership of Export Promotion Council, membership in Govt. promoted eCommerce Portals, Single Point Registration Scheme of NSI.
- Collection, collation and dissemination of information regarding SC/ST enterprises and entrepreneurs to CPSEs.
- Free skill trainings and distribution of trade specific tool kits to trained candidates under the Skill Development programmes.

Scheme applicable for:

- Aspiring and Existing SC/ST Entrepreneurs.

Detailed Information:

National Scheduled Caste and Scheduled Tribe Hub (NSSH) was launched by Hon'ble Prime Minister in October 2016 to provide professional support to SC/ST entrepreneurs to fulfill the obligations under the Central Government Public Procurement Policy for Micro and Small Enterprises Order 2012, adopt applicable business practices and leverage the Stand-up India initiatives. The Hub has undertaken several initiatives to facilitate SC/ST entrepreneurs by providing professional support in their capacity building, market linkages, finance facilitation, tender bid participation, etc. through its various subschemes/ interventions. The NSSH works on the mentioned priority areas through various sub-schemes which are as follows:

- 25% subsidy on purchase of plant & machinery/equipment Special Credit Linked Capital Subsidy Scheme.
- 100% subsidy on airfare and twice of DA as the rate prescribed by MEA under Special Marketing Assistance Scheme.
- 100% subsidy to obtain NSIC's Registrations under the Single Point Registration Scheme with a nominal fee of Rs. 100/-.
- Reimbursement of 80% or Rs. 1.0 lakh whichever is less on Bank Loan Processing fee.
- Reimbursement of 80% or Rs. 1.0 lakh whichever is less on for Performance Bank Guarantees.
- Reimbursement of 80% or Rs. 1.0 lakh whichever is less on testing fee.
- Reimbursement of 80% or Rs. 20,000 whichever is less on membership/subscription fee of Export Promotion Council Membership.
- Reimbursement of 80% or Rs. 25,000 whichever is less on membership fee of Government promoted e-Commerce Portals.
- Reimbursement of 90% or course fee or Rs. 1.0 lakh whichever is less to top 50 NIRF Rated Management Institution's Short-Term Training Program Fee.

For detailed guidelines:

- Visit: <https://www.scsthub.in/>

A Scheme for Promotion of Innovation, Rural Industry and Entrepreneurship (ASPIRE)

Objective:

- To set up a network of Livelihood Business Incubators (LBIs), predominantly in the rural and underserved areas, to promote innovation and accelerate entrepreneurship for the following:
- Generate employment opportunities by facilitating formal, scalable micro-enterprise creation in the agro-rural sector.
- Skill, up-skill, re-skill unemployed, self-employed/ wage earners in new technologies in the agro-rural sector.
- Provide skilled human capital to nearby industrial clusters and promote innovations for strengthening the competitiveness in the MSME sector.

Key Benefits:

- Maximum of INR 1 crore. to Government agencies & INR 75 lakh to Private agencies for procuring plant and machinery.
- Maximum of INR 1 crore. to Government and Private agencies as operational expenditure support towards manpower cost, running incubation and skill development programmes, etc.

Scheme applicable for:

- Any agency/institution of Government of India/ State government or existing training centres under Ministries/ Departments of Government of India/State Government, Industry Associations, Academic Institutions.
- Any not-for-profit private institutions with experience in successfully executing incubation and/or skill development programs may be eligible to set up an LBI.

Detailed Information:

- Livelihood Business Incubator (LBI): An entity set up for imparting skill development & incubation programmes for promoting entrepreneurship and employment generation in agro-rural sector with special focus on rural and underserved areas.
- In case of private organizations, 25% of the Capital Expenditure has to be borne by the Applicant Organization.
- Detailed guidelines are available at <https://aspire.msme.gov.in/ASPIRE/AFHome.aspx>

How to apply:

- Apply On: <https://aspire.msme.gov.in/ASPIRE/AFHome.aspx>

KHADI GRAMODYOG VIKAS YOJANA - Umbrella Scheme

Objective:

- To increase productivity and wages of Khadi Artisans and secure livelihood.
- To improve Infrastructure for Khadi Production.
- Increased Khadi Production, Sales and Employment.
- Development of Village Industries and increase number of rural artisans.
- To revive the traditional and inherent skills of rural artisans.
- To renovate and Modernize Sales Outlets.
- To promote Marketing and Exports.

Key Benefits:

I. Khadi Vikas Yojana

S.No.	Component	Assistance
1.	Modified Market Development Assistance (MMDA)	Subsidy @ 35% on Prime Cost for Cotton/Muslin, Wool and Polyvastra and @ 20% on Prime Cost for Silk Khadi
2.	Interest Subsidy Eligibility Certificate Scheme (ISEC)	Khadi Institution is required to pay only 4% interest rate. The difference between the actual Interest charged by the Bank and 4% is borne by the KVIC as "Interest Subsidy".
3.	Work-shed Scheme for Khadi Artisans	<ul style="list-style-type: none"> • Individual workshed (20 Sq.mtrs): Rs. 1,20,000/- or 75% of the cost of workshed including toilet (90% for NER), whichever is less. • Group workshed (10 Sq. mtrs per artisans): Rs.80,000 or 75% of the cost of the workshed including toilet (90% for NER), whichever is less.
4.	Strengthening Infrastructure of Existing Weak Khadi Institutions and Assistance for Marketing Infrastructure	<ul style="list-style-type: none"> • Financial assistance for revival of khadi institution with ceiling limit of Rs.15.00 lakh(Capital Expenditure +working fund). • Financial assistance under Marketing Infrastructure for renovation of departmental sales outlets of KVIC /KVIB and institutional sales with the ceiling limit of Rs.25.00 lakh.
5.	Other Components	<ul style="list-style-type: none"> • Centre of Excellence for Khadi • Khadi Quality Assurance • Marketing(Exhibition) • Science & Technology (S&T)

II. Gramodyog Vikas Yojana

S.No.	Component	Assistance
1.	Agarbatti Programme under Wellness and Cosmetics Industries (WCI)	<ul style="list-style-type: none"> • Training Programme in Agarbatti industry. • Distribution of Pedal operated /Automatic Agarbatti Machinery to trained artisans.
2.	Leather Footwear Activity under Handmade Paper Leather & Plastic Industry (HMPPLPI)	<ul style="list-style-type: none"> • Training on designing and manufacturing of footwear. • Distribution of machinery and tool kits to trained artisans.

3.	Pottery Activity under Mineral Based Industry (MBI)	<ul style="list-style-type: none"> • Training on Wheel pottery. • Distribution of tools and equipment (Electric Potter Wheel, Blunger) to trained artisans.
4.	Beekeeping Activity/ Honey Mission Programme under Agro-Based & Food Processing Industries (ABFPI)	<ul style="list-style-type: none"> • Beekeeping skill development training. • Distribution of 10 bee boxes with live bee colonies and One set of Tool kit (containing one Knife, Smoker, hive tool and bee veil) to trained beneficiaries.
5.	Waste Wood / Turn Wood Craft /Wooden Toy /Products of Panchgavya under Rural Engineering and New Technology	<ul style="list-style-type: none"> • Training on Waste-Wood, Turn-Wood Craft, Wooden Toy and in Panchgavya based Products. • Distribution of tool kit to all trained artisans.
6.	Hand Made Paper and Fiber related activities under Hand Made Paper, Plastic and Leather Industry.	<ul style="list-style-type: none"> • Training on Paper Conversion, Paper Plate & Dona(Bowl) making, Paper Mache, Fibre Extraction and fancy article making and Ban making (Two ply). • Distribution of machinery and tool kits to trained artisans.
7.	Agro- Food Based Food Processing Industries	<ul style="list-style-type: none"> • Training on Palm Gur, Tamarind, Fruits & Vegetables, Village Oil, Spices & Condiments, Cane & Bamboo. • Distribution of machinery and tool kits to trained artisans.
8.	Service Industry	<ul style="list-style-type: none"> • Training to Electrician & Plumbers, and DigniTEA (Tea Vending on Bicycle). • Distribution of tool kits to trained beneficiary.

Scheme applicable for:

- Khadi Institutions (KIs) registered with KVIC or State Khadi and Village Industries Boards(KVIBs) and Khadi artisans.
- The beneficiaries may be identified by KVIC, NGOs /KIs/VIs/KVIB's/ DIC's/FPOs etc.
- Age Group: 18-55 Years.
- Having valid Aadhar Card or any other Identity Card issued by Government.
- One person from one family is eligible for the assistance under KGVY.
- Persons who have availed benefits from other Govt. Schemes for the same/similar purpose is not eligible.
- Preference shall be given to the people belonging to SCs/STs/Women/ Unemployed Youth /BPL category etc.

How to apply:

- Apply on: <http://www.kviconline.gov.in/>

Promotion of MSMEs in - NER & Sikkim

Objective:

- scheme envisaged for providing financial support mainly for augmenting Infrastructure development for enhancing the productivity, sustainability, competitiveness and growth by addressing common issues such as improvement of technology, skills & quality, market access etc. of Micro, Small and Medium Enterprises (MSMEs).
- Creation of common facilities to supplement manufacturing, testing, packaging, R&D, product and process innovations and training for natural resources such as fruits, spices, agri, forestry, sericulture and bamboo etc. available in NER and Sikkim.
- To create/ upgrade infrastructural facilities in the new/existing Industrial Areas for MSMEs.
- Development of tourism sector in NER and Sikkim by creation of common services such as kitchen, bakery, laundry & dry cleaning, refrigeration and cold storage, IT infra, potable water, display center for local products, center for cultural activities etc. in a cluster of home stays.

Key Benefit:

- Common facilities for MSMEs to develop new products & processes including toolings.
- Developed infrastructure for entrepreneurs for establishing new units or expanding their units.
- Support for creation of common infrastructures to boost tourism in NER & Sikkim.

Nature of Assistance:

- Setting up of new and modernization of existing Mini Technology Centers: The financial assistance of Government of India will be 90%. The maximum project cost for calculation of GoI assistance shall be Rs.15.00 Crore. The GoI assistance towards the buildings cost for up-gradation of infrastructure would be limited to 1.00 crore within the total permissible GoI assistance. Government of India financial assistance would not be admissible towards the cost of land.
- Development of new and existing Industrial Estates: The financial assistance of Government of India will be 90%. The maximum project cost for calculation of GoI assistance shall be Rs.15.00 Crore for development of New industrial estate whereas Rs.10.00 crore for development of existing Industrial Estate.
- Development of Tourism Sector: The financial assistance of Government of India will be 90% for projects with maximum project cost Rs.5.00 crore for calculation of GoI assistance. The balance project cost if any have to be borne by the State Govt.

Eligibility/ Applicability:

- State Government or any State Govt. organization engaged in promotion of MSMEs.

How to apply:

- The State Government, desirous of availing financial assistance under the scheme would formulate a proposal and identify an agency preferably Department of Industries & Commerce or any State Govt. organization engaged in promotion of MSMEs to implement the project. Then the proposal may be uploaded on the scheme portal www.ner-promotion.msme.gov.in for approval process.

Contact:

- MSME-Development & Facilitation Offices under office of the Development Commissioner, Ministry of Micro, Small & Medium Enterprises.

PM Vishwakarma - Enabling Artisans & Craftspeople to scale-up their Enterprises.

Objective:

- To enable the recognition of artisans and craftspeople as Vishwakarma, making them eligible to avail all the benefits under the Scheme.
- To provide skill upgradation to hone their skills and make relevant and suitable training opportunities available to them.
- To provide support for better and modern tools to enhance their capability, productivity, and quality of products and services.
- To provide the beneficiaries an easy access to collateral free credit and reduce the cost of credit by providing interest subvention.
- To provide incentives for digital transactions to encourage digital empowerment of Vishwakarmas.
- To provide a platform for brand promotion and market linkages to help them access new opportunities for growth.

Key Benefit:

- Recognition of artisans and craftspeople through PM Vishwakarma certificate and ID card.
- Skill Upgradation: Basic Training of 5-7 days and Advanced Training of 15 days or more, with a stipend of Rs. 500 per day and transport allowance of Rs 1,000.
- Toolkit Incentive: A toolkit incentive of up to Rs. 15,000 through e-vouchers.
- Credit Support: Collateral free 'Enterprise Development
- Loans' of upto Rs. 3 lakh in two tranches of Rs. 1 lakh and Rs. 2 lakh with tenures of 18 months and 30 months, respectively, at a concessional rate of interest fixed at 5%, with Government of India subvention to the extent of 8%.
- Incentive for Digital Transaction: An amount of Re. 1 per eligible digital transaction, upto maximum 100 eligible transactions monthly will be provided to the beneficiary for digital pay-out or receipt.
- Marketing Support: Marketing support in the form of quality certification, branding, onboarding on e-commerce platforms such as GeM, advertising, publicity and other marketing activities to improve linkage to value chain.

Who can apply:

- The Scheme covers artisans and craftspeople engaged in 18 trades.viz.(i) Carpenter (Suthar/Badhai); (ii) Boat Maker; (iii) Armourer; (iv) Metalsmith/Metal Caster (Lohar);
- (v) Hammer and Tool Kit Maker; (vi) Locksmith; (vii) Goldsmith (Sonar); (viii) Potter (Kumhaar); (ix) Sculptor (Moortikar, stone carver), Stone breaker; (x) Cobbler (Charmakar)/ Shoesmith/Footwear artisan; (xi) Mason (Rajmistri); (xii) Basket/ Mat/Broom Maker/Coir Weaver; (xiii) Doll & Toy Maker (Traditional); (xiv) Barber (Naai); (xv) Garland maker (Malakaar); (xvi) Washerman (Dhobi); (xvii) Tailor (Darzi); and (xviii) Fishing Net Maker.

How to apply:

- For submission of online applications, please visit nearest Common Service Centres (CSCs).

Detailed Information:

- For detailed information, visit: <https://pmvishwakarma.gov.in/>

Tool Rooms and Technical Institutions

Objective:

- Tool Room & Technical Institutions are concentrated on an integrated Development of the relevant sector of industries to help MSME. Total 18 MSME Tool Rooms & Technical institutions established PAN India serving in the relevant sector like General Engineering, foundry & forging, electronics, fragrance, glass, sports good and footwear etc.

Key Benefit:

- Improves access of MSMEs to tooling facilities for enhancement of their efficiency and providing industry ready manpower by conducting training programme.
- Process and Product development in relevant sector.
- Consultancy and job works in relevant sector.

Who can apply:

- Industrial Units (focusing on MSME sector).
- The intake eligibility for the training programmes from school dropout to M. tech level.

Detailed Information:

Under Tool Rooms & Technical Institutions Scheme, the Ministry of MSME has set up 18 Tool Rooms & Technical Institutions {generally known as Technology Centres (TCs)} from 1967 to 1999 works on self-sufficiency basis in the sectors like General Engineering, Automation, Hand Tools, Plastics, Auto parts, Electrical & Electronics, Forging & Foundry, Sports Goods, Leather & Footwear, Fragrance & Flavours, etc to support Industries for Design, Development and Manufacturing of Tools, Dies, Moulds, Jigs & Fixture, etc.

- The Ministry has been investing periodically to upgrade the TRs & TIs by introducing new technologies such as 3D Printing, CAD/ CAM, CNC machining for tooling, vacuum heat treatment, Robotics and Process Automation etc.
- Some TCs extending support to MSMEs for complex tools, parts and components and also supported to the strategic sectors such as Defence, Aerospace etc.
- Apart from the technological development activities, TCs also provides skilling to youth for industry ready manpower and re-skilling the industry workforce as per need of industry. TCs are conducting various training Programme includes NSQF Compliance Courses, AICTE/NCVT/SCVT approved courses and variety of training courses as per needs of industry. Some TCs are also conducting training programmes for international participants.
- In addition, these TCs provides technical services such as design of parts and components, materials testing, heat treatment, quality control, and technical consultancy related to the product & process improvement.
- All the TRs & TIs (TCs) adhere to the principles of Total Quality Management (TQM). They are ISO 9001-2015 certified institutions and a few of them are ISO-14000, OHSAS-18000, ISO-29990 and ISO-50001 certified. Central Tool Room & Training Centre, Bhubaneswar is also AS-9100 certified for Aero-Space Component Supply.

How to apply:

https://www.dcmsme.gov.in/CLCS_TUS_Scheme/Tool_Room_Tech_Institutions/Scheme_Guidelines.aspx

or

website of concerned Tool Room and Technical.

MSME Champions Scheme

About the scheme:

Ministry of MSME had been implementing Credit Linked Capital Subsidy and Technology Upgradation Scheme (CLCS-TUS) for promoting competitiveness amongst Micro, Small and Medium Enterprises (MSMEs) by the way of wastage reduction through Lean Manufacturing, support for Design improvement, building awareness on Intellectual Property Rights, Zero Defect Zero Effect (ZED) Scheme, digitally empowerment of MSME through Digital MSME and to promote & support untapped creativity of individual and to promote adoption of latest technologies in manufacturing as well as knowledge based innovation MSMEs through Incubation across India.

MSME Champions scheme has been formulated through Standing Finance Committee (SFC) by merging all 6 components of erstwhile Technology Upgradation Scheme (TUS) for a period of 5 years i.e. 2021-22 to 2025-26. It is a holistic approach to unify, synergize and converge various schemes and interventions with a single purpose. The end objective is to pick up clusters and enterprises and modernize their processes, reduce wastages, sharpen business competitiveness and facilitate their National and Global reach and excellence. There are 3 components under the new MSME Champions scheme, the details of which are as below:

- 1) MSME-Sustainable (ZED)
- 2) MSME-Innovative (for Incubation, IPR, Design)
- 3) MSME-Competitive (Lean)
- 4) Digital MSME Yet to be launched.

(The Digital MSME will be interlinked with all the other components of the MSME Champions Scheme.)

1) MSME SUSTAINABLE (ZED) CERTIFICATION

Objective:

The ZED Certification envisages promotion of Zero Defect Zero Effect (ZED) practices amongst MSMEs so as to:

- Encourage and enable MSMEs for manufacturing of quality products using latest technology, tools & to constantly upgrade their processes for achievement of high quality and high productivity with the least effect on the environment.
- Develop an Ecosystem for ZED Manufacturing in MSMEs, for enhancing competitiveness and enabling exports.
- Promote adoption of ZED practices and recognizing the efforts of successful MSMEs.
- Encourage MSMEs to achieve higher ZED Certification levels through graded incentives.
- Increase public awareness on demanding Zero Defect and Zero Effect products through the MSME Sustainable (ZED) Certification.
- Identify areas to improve upon, thereby assisting the Government in policy decisions and investment prioritization.

Key Benefit:

- Cost of Certification
- Certification Level 1: BRONZE: Rs. 8,000/-
- Certification Level 2: SILVER: Rs. 32,000/-
- Certification Level 3: GOLD: Rs. 72,000/-
- Subsidy on cost of ZED certification:
- Joining Reward of Rs. 10,000/- (Bronze will become free if availed)

- 80%-60%-50% for Micro, Small & Medium Enterprises
- 100% subsidy for women-owned MSMEs

Additional subsidy:

- 10% for SC/ST owned MSMEs OR MSMEs in NER/Himalayan/LWE/Island territories/Aspirational districts.
- 5% for MSMEs which are also a part of the SFURTI OR Micro & Small Enterprises - Cluster Development Programme (MSE-CDP) of the Ministry.
- Financial Assistance in Testing/Quality/Product Certification:
 - Up to 75% of the total cost of Testing/Certification, with the maximum ceiling of subsidy being Rs. 50,000/-.
- Handholding Support:
 - Up-to Rs.2 lakhs for consultancy for all ZED certified MSMEs.
- Support in Technology Upgradation for Zero Effect Solutions:
 - Up-to Rs. 3 lakhs for all ZED certified MSMEs.
- Graded incentives:
 - MSMEs can avail graded incentives as prescribed for the three ZED Certification Levels. Wherever possible, the incentives provided by States will be linked through API integration with the ZED portal to ensure interoperability.

Scheme applicable for:

- All MSMEs registered with the UDYAM registration portal (of the MoMSME) will be eligible to participate in MSME Sustainable (ZED) Certification and avail related benefits/incentives.

Detailed Information:

- MSME Sustainable (ZED) Certification is an extensive drive to create awareness amongst MSMEs about Zero Defect Zero Effect (ZED) practices and motivate and incentivize them for ZED Certification while also encouraging them to become MSME Champions. Through the journey of ZED Certification, MSMEs can reduce wastages substantially, increase productivity, enhance environmental consciousness, save energy, optimally use natural resources, expand their markets, etc. MSMEs will also be motivated to adopt best practices in work culture, standardization of products, processes and systems etc. in order to enhance their global competitiveness and sustainability. The ZED Certification aims at enhancing the competitiveness of an MSME by assessment, modification through guidance, handholding, managerial and technological intervention – not just certification.

How to apply:

- Eligible MSMEs shall apply through online portal <http://www.zed.msme.gov.in/>

MSME - Innovative (Incubation, IPR and Design)

Objective:

- To promote all forms of innovations in the complete value chain from developing ideas into innovative applications through incubation and design interventions.
- To provide appropriate facilities and support for development of concept to market, design competitiveness and protection & commercialization of Intellectual creations of MSME sector.
- To promote a culture of innovation and creative problem solving through knowledge sharing and collaboration amongst industry, academia, government institutions, research laboratories etc.
- To serve as a connecting link between industrial/academia leaders and innovators, in order to encourage new product development and hand-holding.
- To focus on developing affordable innovations that can benefit a large number of people and at the same time being commercially viable and sustainable.

Key Benefit:

- Incubation
- Financial Assistance to HI for developing and nurturing the ideas - shall be provided up to maximum of Rs. 15 lakh per idea to HI.
- Financial assistance for Plant and Machinery to HI up to Rs. 1.00 cr. (max) - shall be provided for procurement and installation of relevant plant and machines including hardware and software etc. in BI for R&D activities and common facilities for incubatees of BI.
- Design
- Design Project: For the design projects approved for any MSME, 75% (Micro) and 60% (Small & Medium) of the total project cost will be contributed by GoI up to a maximum of Rs. 40 lakh and the remaining project cost will be borne by MSMEs and deposited to the IA.
- Student Project: 75% of the total project cost will be contributed by GoI up to a maximum of Rs. 2.5 lakhs.
- IPR
- A Grant of up to Rs. 1 crore would be provided to an IPFC in milestone-based (three or more) installments.
- Reimbursement for registration of Patent, Trademark, Geographical Indications (G.I.), Design: The maximum financial assistance to the eligible applicants under the IPR component is as follows:

S.No	Item	Maximum Financial Assistance
i.	Foreign Patent	Rs. 5.00 lakhs
ii.	Domestic Patent	Rs. 1.00 lakhs
iii.	GI Registration	Rs. 2.00 lakhs
iv.	Design Registration	Rs. 0.15 lakhs
v.	Trademark	Rs. 0.10 lakhs

Scheme applicable for:

- **Incubation:** MSMEs, Individuals, Students who want to develop their innovative ideas can apply through registered HIs.

- **Design:** The beneficiary unit(s) must typically be a registered micro, small or medium enterprises as per the definition in MSMED Act and should have a valid UAM or Udyam Registration.
- **IPR:** For Manufacturing MSMEs with UDYAM Registration.

Detailed Information:

- MSME Innovative is a holistic approach to unify, synergize and converge 3 sub- schemes and interventions with a single purpose. MSME Innovative is a new concept for MSMEs with a combination of innovation in incubation, design intervention and by protecting IPR in a single mode approach to create awareness amongst MSMEs about India's innovation and motivate them to become MSME Champions. This will act as a hub for innovation activities facilitating and guiding development of ideas into viable business proposition that can benefit society directly and can be marketed successfully.

How to apply:

- The eligible applicants may apply at the MIS portal <https://innovative.msme.gov.in/>



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MSME COMPETITIVE (LEAN) SCHEME

Objective:

- The objective of the scheme is to enhance the Domestic and Global Competitiveness of MSMEs through the application of various Lean Techniques That inter-alia includes:
- Reduction in:
 - Rejection Rates
 - Product and Raw Material Movements
 - Product Cost
- Optimization of:
 - Space Utilization
 - Resources like Water, Energy, Natural Resources Etc.
- Enhancement of:
 - Quality of Products and Process
 - Production & Export Capabilities
 - Workplace Safety
 - Knowledge & Skill Set
 - Innovative Work Culture
 - Social & Environmental Accountability
 - Profitability
 - Introduction & Awareness to Industry 4.0
 - Digital Empowerment

Key Benefit:

- Implementation Cost (Max. per unit)
- Basic Level: Free
- Intermediate Level: ₹ 1,20,000 + Taxes
- Advanced Level: ₹ 2,40,000 + Taxes
- Beneficiary Contribution:
 - Basic - NA
 - Intermediate Level: 10% of total cost of implementation i.e., up-to Rs. 12,000/- + Taxes per unit (Max.)
 - Advanced Level: 10% of total cost of implementation i.e., up-to Rs. 24,000/- + Taxes per unit (Max.)
- GoI Contribution:
 - Basic - NA
 - Intermediate Level: MSME Unit will be entitled for up-to Rs. 1,08,000/- (max.) towards the implementation cost (Taxes extra)
 - Advanced Level: MSME Unit will be entitled for up-to Rs. 2,16,000/- (max.) towards the implementation cost (Taxes extra)
- Additional Benefit:
 - Basic - NA

Intermediate Level & Advanced Level:

- a) Additional 5% GOI contribution for MSMEs which are part of SFURTI Clusters, Woman/SC/ ST owned, NER located MSMEs.
- b) OEM/ Industry Association route
 - Additional 5% GoI contribution shall be given to the MSMEs registering through Industry Association/ OEM after completion of all levels.
 - Rs. 5000/ per MSME shall be given to OEM/ Association after completing all stages of lean intervention.
 - For availing this benefit MSME unit need to mention on while applying – Applying under Original Equipment Manufacturer (OEM) or Applying under Industry Association (IA)

Scheme applicable for:

- All MSMEs registered with the UDYAM registration portal (of the MoMSME) will be eligible to participate in MSME Competitive (Lean) Scheme and avail related benefits/ incentives.
- Scheme is also open to Common Facilities Centers (CFCs) under SFURTI (Scheme of Fund for Regeneration of Traditional Industries) and Micro & Small Enterprises - Cluster Development Program (MSE-CDP) Schemes.

Detailed Information:

- Ministry of Micro, Small & Medium Enterprises, Government of India, aims to implement the MSME Competitive (Lean) Scheme for MSMEs with an objective to enhance their productivity, efficiency, and competitiveness by reduction of wastages in processes, inventory management, space management, energy consumption, etc.

How to apply:

- Eligible MSMEs shall apply through online portal <https://lean.msme.gov.in/>

SELF RELIANT INDIA (SRI) FUND Empowering MSMEs for Aatmanirbhar Bharat

About the scheme:

- India has embarked upon the path of self-reliant economic growth for achieving its aspiration of becoming an economic superpower. Towards this end, one of the initiatives taken by the Government of India is the launch of the Self Reliant India (SRI) Fund.
- The Fund structure is designed in a manner that it will leverage the strength of the private sector in providing growth capital to viable MSMEs having a definite growth plan.

Fund Objective:

The Fund aims to provide capital support to the Daughter Funds for onward provision to MSMEs as growth capital, through equity, quasi-equity and debt to achieve the following:

- Supporting faster growth of MSME businesses, thereby igniting the economy & creating several employment opportunities.
- Supporting enterprises which have the potential to graduate beyond the MSME bracket and become National/ International champions.
- Supporting MSMEs which will help make India self-reliant by producing relevant technologies, goods and services.

SRI Fund Structure:

- The Ministry of Micro, Small and Medium Enterprises has established, through NSIC Venture Capital Fund Limited (NVCFL), an AIF, christened as Self Reliant India (SRI) Fund, having Mother Fund-Daughter Fund structure for ensuring availability of growth capital to the MSMEs, through equity/quasi-equity/ equity like structured instruments. This will encourage MSMEs in moving towards listing on the Stock Exchanges, and growing beyond the bracket of MSME.

The AIF will be anchored by NSIC Venture Capital Fund Limited (NVCFL), a wholly owned subsidiary of The National Small Industries Corporation (NSIC), a Mini-Ratna Corporation of the Government of India under the Ministry of Micro, Small and Medium Enterprises (MoMSME).

SRI Fund Features:

Particulars	Details
Target Group	Viable MSMEs with a positive growth trajectory
Total Corpus	Government of India through M/o MSME. Contribution INR 10,000 crore
Tenure of Fund	Fund life is 15 years
Scope	Disbursement to MSMEs across the country impacting lives and far and wide.
Fund Type	Daughter Funds can be categorized I or II AIFs registered with SEBI
Exclusions	Non-Profit Institutions, NBFCs, financial inclusion sector, SHGs and other financial intermediaries.

SRI Fund will contribute towards achieving India's \$5 trillion GDP target by creating a vibrant MSME ecosystem, and making an Aatmanirbhar Bharat. For complete details visit www.nvcfl.co.in

Raising and Accelerating MSME Performance (RAMP)

About the scheme:

- RAMP is a World Bank supported Central Sector Scheme aimed at improving access of MSMEs to market, finance and technology upgradation by enhancing the outreach of existing MoMSME schemes. The programme also aims at strengthening institutions at the Central and State level, and enhancing Centre- State collaboration.

Objective:

- Accelerating Centre- State collaboration in MSME promotion and development.
- Enhancing effectiveness of existing MoMSME schemes for technology upgradation.
- Strengthening Receivable Financing Market for MSMEs.
- Enhancing effectiveness of Credit Guarantee Trust for Micro & Small Enterprises (CGTMSE), and promoting guarantee for greening initiatives of MSEs, and women owned MSEs.
- Reducing incidence of delayed payments to MSEs.

Key Benefits:

- RAMP scheme would enhance the performance of MSMEs by promoting technology upgradation, innovation, digitization, market access, credit, greening initiatives, etc through active participation of the State Governments.

Target Beneficiaries

- RAMP scheme envisages to benefit more than 5.5 lakh MSMEs during the programme period (FY 2022-23 to 2026-27). The programme implementation will be through the State agencies.

Scheme applicable for:

- Individual MSMEs through State Government/Agencies.

Further details:

- A separate RAMP portal will be developed shortly, with all guidelines etc.

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IMPORTANT CONTACT NUMBERS

Contact Addresses of the Office of M/o MSME and its Statutory

S.No.	Name and Address of the organisation	Website	E-mail	Telephone	Fax
1.	Ministry of Micro, Small and Medium Enterprises, Udyog Bhavan, New Delhi - 110 107	www.msme.gov.in	min-msme@nic.in	001-23063800 / 02 - 06	011-23062315 / 1726 / 1068
2.	Office of Development Commissioner (MSME), 7th Floor, A-Wing, Nirman Bhavan, New Delhi - 110 108	www.dcmsme.gov.in www.laghu-udyog.com www.smallindustry.com	dc-msme@nic.in	001-23063800 / 02 - 06	011-23062315 / 1726 / 1068
3.	Khadi and Village Industries Commission, (KVIC), "Gramodaya", 3, Irla Road, Vile Parle (West), Mumbai - 400056, Maharashtra	www.kvic.org.in	kvichq@bom3.vsnl.net.in ditkvic@bom3.vsnl.net.in dit@kvic.gov.in	022-26714320 - 25 / 6323 / 2324 / 3527 - 9 / 1073 / 3675	022-26711003
4.	Coi Board, "Cir House", M.G. Road, Ernakulam, Kochi - 682016, Kerala	www.coirboard.gov.in	info@coirboard.org coirboard@nic.in	0484-2351900, 807, 788, 954 Toll Free - 1-800-4259091	0484-2370034, 2354397
5.	National Small industries Corporation Limited (NSIC), NSIC Bhawan, Okhla Industrial Estate, New Delhi - 110 020	www.nsic.co.in	info@nsic.co.in	011-26926275, 26910910, 26926372	011-26932075, 26311109
6.	National Institute for Micro, Small and Medium Enterprises (NI-MSME), Yousuf Gauda, Hyderabad - 500 045	www.nimsme.org	registrar@nimsme.org	Toll Free 1-800-111955 040-23608544 - 46, 23608316 - 19	040-23608547, 23608956, 23541260
7.	Mahatama Gandhi Institute for Rural Industrialisation Maganwadi, Wardha - 442 001	www.mgiri.org	director.mgiri@gmail.com	0752-253512	0752-240328

32 MSME- Development and Facilitation Office (MSME-DFO)

S.No	Name and address of Offices / Officers	Telephone / Fax No.	E-Mail / Website
1.	MSME-DFO, Indranagar, (Near ITI Play ground), PO-Kunjaban, Agartala-799 006	Ph : 0381-2352013/9742 Fax : 0381-2356570	dcdi-agartala@dcmsme.gov.in www.msmedi-agartala.nic.in
2.	MSME-DFO, 34, Industrial Estate, Nunhai, (U.P.), Agra -282 006. UP	Ph : 0562-2280879 Fax : 0562-2280882	dcdi-agra@dcmsme.gov.in www.msmediagra.gov.in
3.	MSME-DFO, 65/1, G.S.T. Road, Guindy, P.B. 3746, Chennai -600 032. Tamil Nadu	Ph : 044-22501011 044-22501475 044-22501785 Fax : 044-22341014	dcdi-chennai@dcmsme.gov.in www.msmedi-chennai.gov.in
4.	MSME-DFO, Vikas Sadan, College Square, Cuttack -753 003. Odisha	Ph : 0671-2548006 /077 /049 Fax : 0671-2611958	dcdi-cuttack@dcmsme.gov.in www.msmedicuttack.gov.in
5.	MSME-DFO, Tadong Housing Colony, P.O. Tadong, Gangtok -737102, Sikkim	Ph : 03592-231262 /880 Fax : 03592-231262	dcdi-gangtok@dcmsme.gov.in www.msmedigangtok.gov.in
6.	MSME-DFO, Opp. Konkan Railway Station. (Kepem Road), P.O. Box 334, Margao -403 601, Goa	Ph : 0832-2705092/93, 2725979 Fax : 0832-2705094	dcdi-go@dcmsme.gov.in www.msmedigoa.gov.in
7.	MSME-DFO, Industrial Estate Bamuni Maidam, Guwahati -781021, Assam.	Ph : 0361-2550052, 2550073 Fax : 0361-2550298	dcdi-guwahati@dcmsme.gov.in http://www.msmedi-guwahati.gov.in/
8.	MSME-DFO, Kham Bungala Campis, Kaladungi Road, Haldwani -263139, Uttaranchal	Ph : 05946-228353 Fax : 05946-221053	dcdi-haldwani@dcmsme.gov.in www.msmedihaldwani.gov.in
9.	MSME-DFO, Industrial Estate, Gokul Road, Hubli -580 030 Karnataka	Ph : 0836-2332334/2330589/ 2335634 Fax : 0836-2330389	dcdi-hubli@dcmsme.gov.in www.msmedihubli.gov.in
10.	MSME-DFO, C-17/18, Takyelpat Industrial Estate, Imphal -795 001, Manipur	Ph : 0385-2449096 / 2449096	dcdi-imphal@dcmsme.gov.in www.msme-diimphal.gov.in
11.	MSME-DFO, 10, Industrial Estate, Polo Ground, Indore -452 003, MP	Ph : 0731-2420723	dcdi-indore@dcmsme.gov.in www.msmeindore.nic.in
12.	MSME-DFO, 22, Godown, Industrial Estate, Jaipur -302 006 Rajasthan	Ph : 0141-2212098/3099/ 0553 Fax : 0141-2210553	dcdi-jaipur@dcmsme.gov.in www.msmedijaipur.gov.in
13.	MSME-DFO, Industrial Estate, Digiana, Jammu -180 010	Ph : 0191-2431077 Fax : 0191-2450035	dcdi-jammu@dcmsme.gov.in www.msmedijammu.gov.in
14.	MSME-DFO, 107, Industrial Estate, Kalpi Road, Kanpur -208 012. UP	Ph : 0512-2295070, 0512-2295071, 0512-2295073 Fax : 0512-2220831	dcdi-kanpur@dcmsme.gov.in www.msmedikanpur.gov.in
15.	MSME-DFO, Industrial Development Colony, Near Iti, Kunjpura Road Karnal -132 001 Haryana	Ph : 0184-2230910 Fax : 0184-2231862	dcdi-karnal@dcmsme.gov.in www.msmedikarnal.gov.in

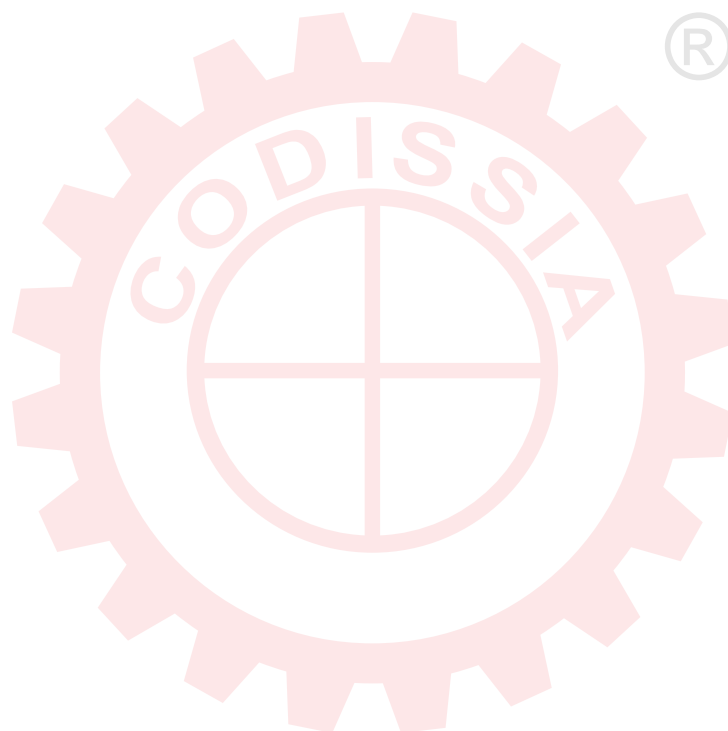
16.	MSME-DFO, 111&112, B.T. Road, Kolkata - 700035. W. Bengal	Ph : 033-25770595/598 Fax : 033-25775531	dcdi-kolkatta@dcmsme.gov.in www.sisikolkata.gov.in
17.	MSME-DFO, Industrial Area B, Ludhiana - 141 003 Punjab	Ph : 0161-2531733 / 735 Fax : 0161-2533225	dcdi-ludhiana@dcmsme.gov.in www.msmedildn.gov.in
18.	MSME-DFO, Kurla Andheri Road, Sakinaka, Mumbai - 4000072 Maharashtra	Ph : 91-22-28576090/3091/4305 Fax : 91-22-28578092	dcdi-mumbai@dcmsme.gov.in www.msmedimumbai.gov.in
19.	MSME-DFO, C- Block, C.G.O. Complex, Seminary Hill, Nagpur - 440 006, Maharashtra	Ph : 0712-2510352/0046 Fax : 0712-2511985	dcdi-nagpur@dcmsme.gov.in www.msmedinagpur.gov.in
20.	MSME-DFO, Okhla Industrial Estate New Delhi - 110 020.	Ph : 011-26847223, 26838118/ 269 Fax : 011-26838016	dcdi-haldwani@dcmsme.gov.in www.msmedihaldwani.gov.in
21.	MSME-DFO, Patilputra Industrial Estate, Patna - 800 013. Bihar	Ph : 0612-2262719, 0612-2262186, 0612- 2262208 Fax : 0612-2261677	dcdi-patna@dcmsme.gov.in www.msmedipatna.gov.in
22.	MSME-DFO, Near Urkura Railway Station, Bhanpuri Industrial Area, Raipur (C.G.)-493221 Chhatisgarh	Ph: 0771-2562312 Fax: 0771-2562719	dcdi-raipur@dcmsme.gov.in www.msmediraipur.gov.in
23.	MSME-DFO, Kokar Industrial Estate, Ranchi - 834001. Jharkhand	Ph : 0651-2546133 / 2546266 Fax : 0651-2546235	dcdi-ranchi@dcmsme.gov.in www.msmediranchi.nic.in
24.	MSME-DFO, CHAMBAGHAT, Solan - 173213. Himachal Pradesh	Ph : 01792-230766 Fax : 01792-230265	dcdi-solan@dcmsme.gov.in www.msmedihimachal.nic.in
25.	MSME-DFO, Kanjany Oad, Ayyanthole, Thrissur - 680 003, Kerala	Ph : 0487-2360216/686 Fax : 0487-2360216	dcdi-thrissur@dcmsme.gov.in www.msmedithrissur.gov.in
26.	MSME-DFO, Harsiddh Camber, 4th Floor, Ashram Road, (Gujarat), Ahmedabad - 380 014. Gujarat	Ph : 079-27540619, 079-27544248 079-27543147	dcdi-ahmedabad@dcmsme.gov.in www.msmediahmedabad.gov.in
27.	MSME-DFO, E-17/18, Industrial Estate, Naini, Allahabad - 211 009, U.P	Ph : 0532-2697468/6810 Fax : 0532-2696809	dcdi-allbad@dcmsme.gov.in www.msmediallahabad.gov.in
28.	MSME-DFO, Rajaji Nagar, Industrial Estate, Bangalore - 560 044, Karnataka	Ph : 080-23151540 / 582 / 583 Fax : 080-23144506	dcdi-bang@dcmsme.gov.in www.msmedibangalore.gov.in
29.	MSME-DFO, Narsapur Cross Roads, Bala Nagar, Andhra Pradesh Hyderabad - 500 037	Ph : 040-23078857 Fax : 040-23078131/32/33	dcdi-hyd@dcmsme.gov.in www.msmehyd.ap.nic.in
30.	MSME-DFO, Institute, Goshala Road, P.O. Ramna, Muzaffarpur - 842 002. Bihar	Ph : 0621-2282486 Fax : 2284425	dcdi-mzfpur@dcmsme.gov.in www.msmedimzfpur.bih.nic.in
31.	MSME Development Institute, 6th Mile, Sovima, Dimapur, Nagaland - 797115. (Near Nagaland Bamboo resource Centre)	Ph : 03862-248552	Brdcdi-dima@dcmsme.gov.in
32.	MSME-Development Institute, Visakhapatnam ANDRA PRADESH F-19 to 22, IDA, D - Block, Autonagar, Visakhapatnam-530012	Ph : 0891-2517942, 2701061	brdcdi-vish@dcmsme.gov.in

Branch MSME DFO

S.No.	Name and address of Offices/ Officers	Telephone/ Fax No.	Email /Websites
1.	BR.MSME-DFO Apidfc Building 'C' Sector, Itanagar -791 111.	Ph : 0360 - 2291176	brmsme.itan@gmail.com
2.	BR.MSME-DFO Vip Road, Jungle Ghat, Post Box No.547, Portblair-744 103	Ph : 03192 - 252308	
3.	BR.MSME-DFO Link Road Point, N.S.Avenue, Silchar-788 006	Ph : 03842 - 247649	brdc-di-silc@dcmsme.gov.in
4.	BR.MSME-DFO Darrang College Road, Tezpur - 784 001	Ph : 03712 - 221084	brdc-di-tezp@dcmsme.gov.in
5.	BR.MSME-DFO RA-39 (Ground Floor), Urvashi (Ph. 2), Bengal Ambuja, Tarashankar Sarani, City Centre, Durgapur -713 216	Ph : 0343 - 2547129	brdc-di-durg@dcmsme.gov.in
6.	BR.MSME-DFO Chandpur Industrial Estate, Varanasi -221 106.	Ph : 0542 - 2370621	brdc-di-vara@dcmsme.gov.in
7.	BR.MSME-DFO Amalepatti, Diphu-782 460 Karbi Anglong (Dist)	Ph : 03761 - 272549	brdc-di-diph@dcmsme.gov.in
8.	BR.MSME-DFO Masat Industrial Estate, Silvassa	Ph : 0260 - 2640933, 2643103	brdc-di-silv@dcmsme.gov.in
9.	BR.MSME-DFO 3rd Floor,Annexe Building Amruta(Jasani)Building Premises, Near Girnar Cinema MG Road Rajkot -360 001	Ph : 0281 - 2471045	brdc-di-raj@dcmsme.gov.in
10.	BR.MSME-DFO Iti Campus, Hansi Road, Bhiwani-125021	Ph : 01664 - 242236	brdc-di-bhiw@dcmsme.gov.in
11.	BR.MSME-DFO Opposite Industrial Estate, Sanat Nagar, Srinagar -190 005.	Ph : 0191 - 2431077, 2435425	brdc-di-bhiw@dcmsme.gov.in
12.	BR.MSME-DFO Katras Road, Matkuria, Dhanbad-826 001	Ph : 0326 - 2303769 / 380	brdc-di-dhan@dcmsme.gov.in
13.	BR.MSME-DFO L-11, Indl.Estate, Yeyyadi, Mangalore-575 008	Ph : 0824 - 2217936 / 96	brdc-di-mang@dcmsme.gov.in
14.	BR.MSME-DFO C-1 & 2, Industrial Estatem.S.K. Mill Road, Gulbarga-585 102	Ph : 08472 - 420944	brdc-di-gulb@dcmsme.gov.in
15.	BR.MSME-DFO 7, Indl. Estate, Tansen Road,, Gwalior - 474 004.	Ph : 0751 - 2422590	dcdigwl.msme@gov.in
16.	BR.MSME-DFO Udyog Vihar, Chorhatta, Rewa - 486 001	Ph : 07662 - 222448	brdc-di-reva@dcmsme.gov.in
17.	BR.MSME-DFO 32-33, Midc, Indl. Area, Chikal Thana, Aurangabad - 431 210.	Ph : 0240 - 2485430 Fax : 0240 - 2484204	brdc-di-aura@dcmsme.gov.in
18.	BR.MSME-DFO Lower Lachimiere, Shilong -793 001	Ph : 0364 - 2223349	brdc-di-shil@dcmsme.gov.in
19.	BR.MSME-DFO Tura, Near TV Tower Dakopgre Tura Meghalaya -794 101	Ph : 03651 - 222569	brdc-di-tura@dcmsme.gov.in

20.	BR.MSME-DFO, Upper Republic Road, Aizwal	Ph: 0389 - 2323448	brdc-di-aizw@dcmsme.gov.in
21.	BR.MSME-DFOC-9, Indl.Estate, Rourkela -769 004	Ph : 0661 - 2507492	brdc-di-rour@dcmsme.gov.in
22.	BR.MSME-DFO New Colony, Rayagada -765 004	Ph : 06852 - 222268	brdc-di-raya@dcmsme.gov.in
23.	BR.MSME-DFO 386, Patel Road, Ram Nagar, Coimbatore - 641 009. Tamil Nadu	Ph : 0422 2233956 (Tele Fax)	brdc-di-coim@dcmsme.gov.in
24.	BR.MSME-DFO Plot No. PP11, TANSIDCO, Industrial Estate, Melur Main Road, K Pudur, Madurai, Tamil Nadu, India - 625 007	Ph : 0452 - 2918313	brdc-di-mdri@dcmsme.gov.in
25.	BR.MSME-DFO Station More, P.O.Suri, Birbhum -731 101.	Ph : 03462 - 2554402	brdc-di-birb@dcmsme.gov.in
26.	BR.MSME-DFO 3&4, Industrial Estate, Sevoke Road, Siliguri -734 001	Ph : 0353 - 2542487	brdc-di-sili@dcmsme.gov.in

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GOVERNMENT OF TAMIL NADU MSME SCHEMES



Self Employment Loan Schemes

• AABCS

- 35% capital subsidy (Not exceeding Rs 1.5 crore) on eligible project cost
- Project cost include land, plant, machinery, testing equipment and computing devices with cost of land not exceeding 20% of project cost. Vehicles shall be considered if it integral to the business process
- 6% interest subvention for loans to procure machinery and equipment during the tenure of loan not exceeding 10 years. Interest subvention will be upfront and given to banks
- Working capital sanctioned for the project shall be eligible for interest subvention for a period not exceeding 2 years
- Cover projects without credit linkage also and in such cases capital subsidy will be released back ended
- No bar on beneficiary to claim additional capital subsidy from schemes operated by agencies not controlled by Govt. of Tamil Nadu
- Beneficiaries belonging to SC/ST communities (100% owned by SC/ST persons)
- Covering new and expansion of existing enterprises
- Covering Trading related projects which are above the threshold of assistance under the existing Unemployed Youth Employment Generation programme
- Beneficiaries shall be with age limit of 55 years
- No minimum educational qualification

Application shall be filed through online only msmeonline.tn.gov.in/aabcs/

• NEEDS

- Specially devised and specifically implemented for promoting first entrepreneurial projects of first generation entrepreneurs
- Aspirants must be of age between 21 -45 in general and for special (Women/BC/MBC/SC/ST/Ex-servicemen/Transgender/Differently abled), age relaxation upto 55 years
- Degree / Diploma / ITI / Vocational Training/ HSC
- Manufacturing or Service projects with Project cost from Rs.10.00 lakhs upto Rs.5.00 crore
- Promoter's contribution 10% for General and 5% for Special Category
- Loan assistance from TIIC / Commercial Banks / TAICO Banks
- Individual Based Capital Subsidy @ 25% of the Project cost (Maximum Rs.75.00 lakhs)
- 3% Interest subvention through-out the entire repayment period

Application shall be filed through online only msmeonline.tn.gov.in

• UYEGP

- Scheme for mitigating the unemployment problems of socially and economically weaker sections of the society
- Applicants must be of age between 18-45 in general and for special (Women/Minorities/BC/MBC/SC/ST/Ex-servicemen/Transgender/Differently abled), age relaxation upto 55 years
- Minimum 8th Pass
- Family income should be below Rs.5.00 lakh
- Trading projects with maximum Project costs Rs.15.00 lakh
- Promoter's contribution 10% for General and 5% for Special Category
- Loan assistance from Commercial Banks
- Individual Based Capital Subsidy @ 25% of the Project cost (Maximum Rs.3.75 lakh)

Application shall be filed through online only msmeonline.tn.gov.in

• PMEGP

- Scheme sponsored by the Union Government to promote self-employment and to mitigate the unemployment problems
- Applicants must be of age above 18 years
- Educational qualification not required, But for Manufacturing projects above Rs.10.00 lakh and Service projects above Rs.5.00 lakh the promoter must have minimum 8th Pass
- Manufacturing / Service projects with maximum Project costs Rs.50.00 lakh / Rs.20.00 lakh
- Promoter's contribution 10% for General and 5% for Special Category (SC/ST/OBC / Minorities / Women, Ex-Servicemen, Physically handicapped, NER, Hill and Border areas)
- Loan assistance from Commercial Banks
- Margin Money Assistance 15% - 35%.

Application shall be filed through online only kviconline.gov.in/pmegpeportal/

Incentive schemes

• Capital Subsidy

The following incentives and concessions are being extended to micro, small and medium enterprises in the State:

- 25% capital subsidy on the value of eligible plant and machinery, subject to a maximum of Rs.150.00 lakh
- Additional capital subsidy for enterprises set up by Women / Scheduled Caste / Scheduled Tribe / Differently Abled and Transgender entrepreneurs at the rate of 5% on the value of eligible plant and machinery, subject to a maximum of Rs.5.00 lakh.
- Additional Capital subsidy 10% for micro enterprises on the investment made in plant and machinery value, subjected to a maximum of Rs.5.00 lakh.
- All existing Micro and Small Manufacturing Enterprises setup anywhere in Tamil Nadu graduating to higher category by undertaking expansion/diversification are eligible for 5% additional capital subsidy subject to a maximum of Rs. 25 lakhs for scaling up.
- Additional Capital Subsidy at the rate of 25% of plant and machinery value installed to promote such technology subjected to maximum of Rs.10.00 lakh for new and existing enterprises promotes cleaner and environmental friendly technologies.

Eligible Enterprises

- All new micro manufacturing enterprises established anywhere in the state.
- All new small and medium enterprises under following 24 thrust sectors established anywhere in the state (excluding additional capital subsidy and employment generation subsidy):
 - Electrical and electronic industry
 - Cost - effective building material
 - Sports goods and accessories
 - Leather and leather goods
 - Readymade garments
 - Technical Textiles and Medical Textiles
 - Auto parts and components
 - Food processing
 - Aero Space, Defence Applications and Components
 - Drugs and pharmaceuticals
 - Plastic (except 'one-time use and throw away plastics')
 - Electronic System Design and Manufacturing
 - Solar energy equipment
 - Rubber
 - Gold / Diamond jewellery for exports
 - Bio Technology
 - Alternate products for 'one time use and throwaway plastics
 - Pollution control equipments
 - Petro Chemicals and Speciality Chemicals
 - Electric Vehicle components, charging infrastructure and components
 - Medical Devices, Equipment and Components
 - Electronic Waste Processing
 - Industry 4.0

• Traditional Industries

- All new small and medium manufacturing enterprises established in any of the 254 industrially backward blocks in the state.
- All new agro based small and medium manufacturing enterprises established in any of the 388 blocks in the state.
- Existing manufacturing enterprises of the above categories which have taken up substantial expansion / diversification of the existing activities.
- During the financial year 2020-21, a sum of Rs.26999.37 lakhs has been disbursed to 3491 MSMEs in the State.

To know more Click Here

LTPT Subsidy

LTPT subsidy of 20% is given for 36 months from the date of commencement of production or from the date of obtaining power connection, whichever is later.

Eligible Enterprises

- All new micro manufacturing enterprises established anywhere in the state.
- Existing manufacturing enterprises in the above categories which have taken up substantial expansion / diversification of the existing activities using Low Tension Power Supply (Tariff III B) only.
- During the year 2020-21, Rs.999.63 lakh have been disbursed to 1,183 units.

To know more Click Here

Generator Subsidy

Micro, manufacturing enterprises established in areas falling under rural feeder in the State are eligible for a subsidy of 25% on the cost of generator purchased (up to 320 KVA capacity), subject to a maximum of Rs. 5.00 lakh.

During the year 2019-20, Rs.2.00 crore have been disbursed to 176 units.

To know more Click Here

BEIS

- Back-ended interest subsidy of 5% on term loans subject to a maximum of Rs.20.00 lakh is given for a period of 5 years to all new micro and small manufacturing enterprises for term loans up to Rs.2.00 crore obtained for Credit Guarantee Fund Trust Scheme (CGTMSE).
- A sum of Rs.0.29 crore has been given to 145 enterprises during the year 2020-21 towards BEIS for technology up-gradation /modernization.
- Back-ended interest subsidy of 5% on term loans subject to a maximum of Rs.25.00 lakh is given for a period of 5 years to all new micro and small manufacturing enterprises for term loans up to Rs.5.00 crore obtained for technology up-gradation / modernization.
- A sum of Rs.0.30 crore has been given to 130 beneficiaries during the year 2020-21 towards BEIS for Credit Guarantee Fund Trust Scheme.

To know more Click Here

PEACE

PEACE scheme aims to promote energy efficiency in MSME units so as to enable them to reduce costs and improve competitiveness in the global markets. Under this scheme, the Government will reimburse 75% of the cost of conducting energy audit subject to a ceiling of Rs.1.00 lakh per energy audit per unit.

As an incentive for implementing the recommendations of the energy audit, 50% of the cost of machinery and equipments replaced, retrofitting and technology acquired for the purpose of improving the energy efficiency subject to a maximum of Rs.10 lakh is reimbursed.

Q-cert

The scheme aims to encourage MSMEs to acquire quality standards/certifications for process and product, such as ISO 9000/ISO 14001/ISO 22000/Hazard Analysis and Critical Control Point (HACCP)/ Good Hygienic Practices (GHP) / Good Manufacturing Practices (GMP) Certifications, BIS Certification, Zero Defect and Zero Effect (ZED) Rating or any other international quality certification recognized in India by a competent authority. The government reimburses payments made to Consultancy and certification agencies towards acquiring such Quality Certification subject to a ceiling of Rs.2.00 lakhs for National level certification and Rs.10.00 lakhs for International level Certification.

During the financial year 2020-21, a sum of Rs.60.35 lakhs has been disbursed to 92 MSMEs in the State.

Pay Roll Subsidy

Reimbursement of employee's contribution to the EPF for their employees for the first three years subject to a maximum of Rs.24,000/- per employee per annum, if employment is provided to more than 20 persons.

Eligible Enterprises

- All micro enterprises anywhere in the State.
- Small and medium enterprises set up in 254 industrially backward blocks and all industrial estates promoted by the Government and the Government agencies like SIPCOT, TANSIDCO etc.
- Agro based small and medium enterprises set up in all 388 blocks of the state.

New Schemes

1. Reimbursement of Stamp Duty & Registration Charges

All new Micro and Small enterprises set up in declared 254 industrially backward blocks are eligible to avail 50% reimbursement of stamp duty and Registration charges paid to the Registration department on purchase of land meant for industrial use.

2. Scaling up Subsidy

All existing Micro and Small Manufacturing Enterprises setup anywhere in Tamil Nadu graduating to higher category by undertaking expansion/diversification are eligible for 5 % additional Capital Subsidy subject to a maximum of Rs 25.00 lakh for scaling up.

3. Subsidy for Fund Raising

To facilitate high growth potential SMEs in the State to raise equity capital through SME Exchange utilizing IPOs, in both the manufacturing and services sector, Government will provide assistance for listing & raising money in the SME stock exchange with maximum of Rs.30.00 lakhs subject to 50% of the total expenditure incurred on SME IPO.

4. Schemes for Leveraging the Intellectual Property Regime (IPR)

Subsidy on the cost of Patent Registration.

Subsidy on the cost of Trade Mark / Geographical Indication Registration.

MSME Skill Training And Employment Scheme

Implementing Agency:

Commissionerate of Industries and Commerce at State level, Regional Joint Director of Industries and Commerce for Chennai district and General Managers of District Industries Centre for other districts in Tamil Nadu.

Year of launch 2021-22

BACKGROUND

Tamil Nadu the MSME capital of India, has over 42 lakhs registered units, the highest in any state in India and occupied leadership position in several sectors such as leather and leather goods, engineering goods, automotive components, castings, pumps and readymade garments. One of the major issues that needs to be addressed is availability of skilled manpower to the MSMEs.

Objective

The objective of the scheme is to fulfil the skilled manpower requirement of MSMEs by imparting necessary on the job training by the MSMEs themselves and thereby creating employment. The scheme will assist the MSME sector by sharing the training cost which otherwise would be borne by the enterprises themselves.

Whom to be trained

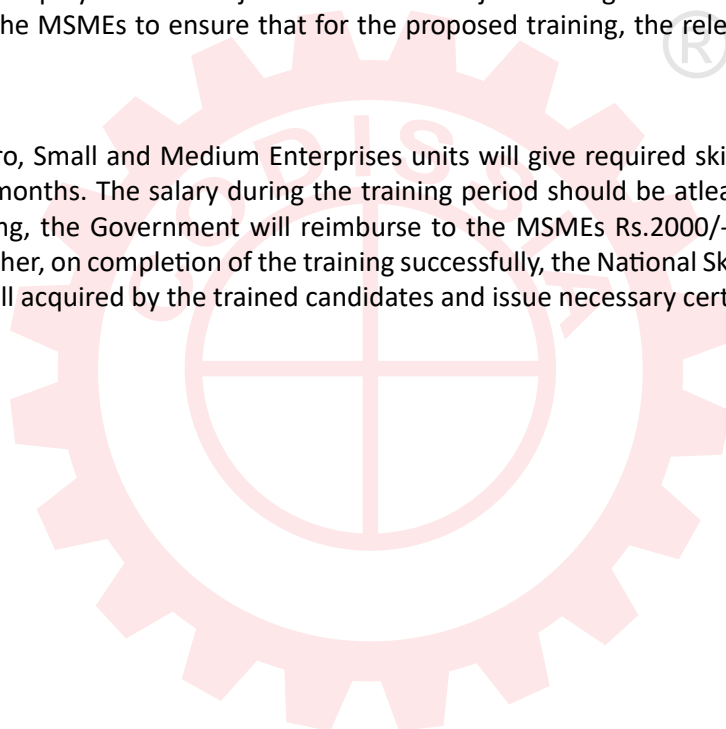
Candidates those who fulfil the norms of the NSDC/NSDA/ Sector Skill Council/other agencies shall be considered for the training with required qualification and age limit prescribed for each trade as per the above certification agencies. Under this scheme unemployed youth who have obtained engineering degree, polytechnic diploma, ITI certificate in the age group of 18-25 will be given training linked with employment opportunity.

Training provider

MSMEs will have to give employment based job oriented on the job training which will lead to certification. It will be the responsibility of the MSMEs to ensure that for the proposed training, the relevant capacities are available with them.

Financial Assistance

As per this scheme, Micro, Small and Medium Enterprises units will give required skill training to the youth for a maximum period of six months. The salary during the training period should be atleast Rs.5000/- per month. On completion of the training, the Government will reimburse to the MSMEs Rs.2000/- per month for a maximum period of six months. Further, on completion of the training successfully, the National Skill Development Corporation (NSDC) will assess the skill acquired by the trained candidates and issue necessary certificates.



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COMPANIES ACT



The Companies Act, 2013 is the primary law that governs companies in India. It was passed by the Indian Parliament and came into force in stages. The Act was amended to consolidate and update the law relating to companies.

Features of the Act

- The Act aims to improve corporate governance and protect investors from fraud.
- It also seeks to promote competition in the marketplace and increase corporate transparency.
- Section 135 of the Act made India the first country to mandate corporate social responsibility (CSR) spending by law.
- The Act allows one person to form a company.

History of the Act

- The first Companies Act after independence was passed in 1956.
- The 1956 Act was based on the recommendations of the Bhabha Committee.
- The 2013 Act largely superseded the Companies Act 1956.

Administration

- The Ministry of Corporate Affairs administers the Companies Act 2013.
- The MCA portal has information click here for further reference
<https://www.mca.gov.in/Ministry/pdf/CompaniesAct2013.pdf>

Estd. 1969

Labour Laws of MSME



Micro, Small, and Medium Enterprises (MSMEs) in India must comply with a number of labor laws, including the Minimum Wages Act, the Payment of Wages Act, and the Employees' State Insurance Act.

Labor laws for MSMEs

- **Minimum Wages Act:** Ensures that employees are paid the minimum wage
- **Payment of Wages Act:** Ensures that employees are paid on time and that deductions from wages are not arbitrary
- **Employees' State Insurance Act:** Ensures that employees have access to health insurance
- **Factories Act:** Regulates the safety and health of employees in factories
- **Contract Labour (Regulation & Abolition) Act:** Regulates the employment of contract laborers
- **Inter-state Migrant Workmen (Regulation of Employment and Conditions of Service) Act:** Regulates the employment of migrant workers

Other considerations

- MSMEs may also need to obtain specific industry licenses and permits, such as GST registration, factory licenses, or environmental clearances.
- Ensuring fair labor practices can help MSMEs build a sustainable business model and mitigate legal risks.
- Professional firms and software can help MSMEs comply with labor laws.

Recent labor code changes

In 2019 and 2020, the Indian parliament passed four labor codes that consolidated 44 existing labor laws.

Labour Policies The Factories Act, 1948

Objectives

- To ensure adequate safety measures and to promote the health and welfare of the workers employed in factories.
- To prevent haphazard growth of factories through the provisions related to the approval of plans before the creation of a factory.

Scope and coverage

- Regulates working condition in factories.
- Basic minimum requirements for ensuring safety, health and welfare of workers.
- Applicable to all workers.
- Applicable to all factories using power and employing 10 or more workers, and if not using power, employing 20 or more workers on any day of the preceding 12 months.

Main provisions

- Compulsory approval, licensing and registration of factories.
- Health measures.
- Safety measures.
- Welfare measures.
- Working hours.
- Employment of women and young persons.
- Annual leave provision.
- Accident and occupational diseases.
- Dangerous operations.
- Penalties.
- Obligations and rights of employees.

When to consult and refer

- On starting a factory.
- Throughout the life of the factory.

The Minimum Wages Act, 1948

Objectives

To determine the minimum wages in industry and trade where labor organizations are non-existent or ineffective.

Scope and coverage

- Applicable to all employees engaged to do any work, skilled, unskilled manual or clerical, in a scheduled employment, including out-workers.
- Fixation of minimum wages.

Main provisions

- Fixation of minimum wage of employees.
- Procedure for fixing and revising minimum wages.
- Obligation of employees.
- Rights of workers.

When to consult and refer

At the time of fixation of salary of new/existing employees.

The Payment of Wages Act, 1936

Objectives

To ensure regular and prompt payment of wages and to prevent the exploitation of a wage earner by prohibiting arbitrary fines and deductions from his wages.

Scope and coverage

- Application for payment of wages to persons employed in any factory.
- Not applicable to wages which average Rs 1600/- per month or more.
- Wages include all remuneration, bonus, or sums payable for termination of service, but do not include house rent reimbursement, light vehicle charges, medical expenses, TA, etc.

Main provisions

- Responsibility of the employer for payment of wages and fixing the wage period.
- Procedures and time period in wage payment.
- Payment of wages to discharged workers.
- Permissible deductions from wages.
- Nominations to be made by employees.
- Penalties for contravention of the Act.
- Equal remuneration for men and women.
- Obligations and rights of employers.
- Obligations and rights of employees.

When to consult and refer

Deciding wages and salary administration at all times.

The Employees Provident Funds and Misc. Provisions Act, 1952

Objectives

- To make provisions for the future of the industrial worker after he retires or for his dependents in the case of his early death.
- Compulsory Provident Fund
- Family Pension
- Deposit linked insurance

Scope and coverage

- Application to factories and establishments employing 20 or more persons.
- Can be made applicable by central government to establishments employing less than 20 persons or if the majority of employees agree.
- Excludes establishments employing 50 or more persons or 20 or more persons but less than 50 persons, until the expiry of three years in the case of the former, and five years in the case of the latter, from the date of setting up of establishment.
- Applicable to all persons who are employed directly or indirectly through contractors in any kind of work.

Eligibility

Employees drawing pay not exceeding Rs. 3500/- per month.

Benefits

- Apart from terminal disbursement of non-refundable withdrawals for Life Insurance Policies
- House building
- Medical treatment
- Marriage
- Higher education

- Family pension
- Retirement-cum-withdrawal benefits
- Deposit linked insurance Amount equal to the average balance in Provident Fund of deceased subject to a maximum of Rs. 25,000/-

Workmen's Compensation Act, 1923

To provide compensation for workmen in cases of industrial accidental / occupational diseases in the course of employment resulting in disablement or death. Coverage for persons employed in Factories, Mines, Plantations, the Railways and others mentioned in Schedule II of the Act.

Benefits

Compensation for Death

- Minimum - Rs. 20,000/- Maximum - Rs. 1,14,000/-

Compensation for Permanent disablement

- Minimum - Rs. 24,000/- Maximum - Rs. 70,000/-

Temporary disablement

- 50% of wages for a maximum period of 5 years.

The Contract Labour (Regulation & Abolition) Act, 1970

- Not to be required to work beyond 9 hours between 6 A.M. and 7 P.M.
- with the exception of midwives and nurses in plantations.
The Inter-state Migrant Workmen (Regulation of Employment and Conditions of Service) Act, 1979
- Separate toilets and washing facilities to be provided in employment covered by the 3rd and 6th laws.

Maternity Benefit Act, 1961

- Maternity benefits to be provided on completion of 80 days working.
- Not required to work during six weeks immediately following the day of delivery or miscarriage.
- No work of arduous nature, long hours of standing likely to interfere with pregnancy/normal development of foetus or may cause miscarriage or likely to affect health to be given for a period of one month immediately preceding the period of six weeks before delivery.
- On medical certificate, advance maternity benefit to be allowed.
- Rs. 250 (\$5.6) as medical bonus to be given in case when no prenatal confinement and post-natal care is provided free of charge.

Equal Remuneration Act, 1976

- Payment of equal remuneration to men and women workers for same or similar nature of work protected under the Act and also under the provisions at ISMW Act, mentioned above.
- No discrimination permissible in recruitment and service conditions except where employment of women is prohibited or restricted by or under any law.

The Children (Pledging of Labour) Act, 1933

- Any agreement to pledge the labour of children is void.

The Beedi and Cigar Workers (Conditions of Employment) Act, 1966

- Employment of children less than 14 years of age prohibited under the laws at Sl. Nos. 2 to 5.
- Except in the process of family based work or recognized school-based activities, children not permitted to work in occupations connected with: Passenger, goods mail transport by Railway Cinder picking, cleaning of ash pits

Building operations, construction Catering establishments in Railway premises or port limits Beedi making Carpet weaving Cement manufacturing Cloth printing Dyeing, weaving Manufacture of matches, explosives, fireworks Mica cutting, splitting Wool cleaning

- In occupations and processes other than the above mentioned, work by children is permissible only for six hours between 8.00 A.M. and 7.00 P.M. with one day's weekly rest.
- Occupier of establishment employing children to give notice to local Inspector and maintain prescribed register.

The Payment of Gratuity Act, 1972

Objective

To provide for payment of gratuity on ceasing to hold office

Coverage

Factories, Mines, Oil fields, Plantations, Ports, Railway Companies, Shops & Commercial Establishments and to other establishments to which the Government extends the law.

Eligibility

Employees drawing wages not exceeding R. 3500/- per month.

Benefits

15 days wages for every completed year of service or part thereof in excess of six months subject to a maximum of Rs. 50,000/-

Employees State Insurance Act, 1948

Objective

To provide for health cover, Medical care and Cash benefits for

- Sickness
- Maternity
- Employment injury
- Pensions to dependents in case of Death (or) Employment injury

Eligibility

Employees drawing wages not exceeding Rs. 3000/- per month

Benefits

- **Compensation for Death Minimum** - Rs. 20,000/- Maximum Rs. 1,14,000/-
- **Compensation for Permanent disablement Minimum** - Rs. 24,000/- Maximum – Rs. 70,000/-
- Temporary disablement 50% of wages for a maximum period of 5 years.

The Payment of Bonus Act, 1965

Objectives

To provide statutory obligations for payment of bonus to persons employed in certain establishments on the basis of profits or productivity.

Scope and Coverage

- Applicable all over India to factories under the Factories Act and to other establishments employing 20 or persons on any day during a year.
- Government can extend its coverage to establishments employing between 10 and 20 workers.

- Covers all workers including supervisors, managers, and administrators, technical and clerical staff employed on salary or wages not exceeding Rs. 2,500/- per month.

Main Provision

- Eligibility for bonus.
- Payment of minimum and maximum bonus.
- Time limit for payment of bonus.
- Deductions from bonus.
- Computation of gross profits and available allocable surplus.
- Rights of employees.

When to Consult And Refer

- When the factory is registered under the Factories Act.
- When the number of employees in the establishment reaches 20 or above.
- When calculating the bonus.

The Shops and Establishments Act, 1953

Objectives

To provide statutory obligation and rights to employees and employers in the unorganized sector of employment, i.e., shops and establishments.

Scope and Coverage

- A state legislation; each state has framed its own rules for the Act.
- Applicable to all persons employed in an establishment with or without wages, except the members of the employer's family.
- State government can exempt, either permanently or for a specified period, any establishments from all or any provisions of this Act.

Main Provisions

- Compulsory registration of shop/establishment within thirty days of commencement of work.
- Communications of closure of the establishment within 15 days from the closing of the establishment.
- Lays down the hours of work per day and week.
- Lays down guidelines for spread-over, rest interval, opening and closing hours, closed days, national and religious holidays, overtime work.
- Rules for employment of children, young persons and women
- Rules for annual leave, maternity leave, sickness and casual leave, etc.
- Rules for employment and termination of service.
- Maintenance of registers and records and display of notices.
- Obligations of employers.
- Obligations of employees.

When to Consult and Refer

- At the time of start of an enterprise.
- When framing personnel policies and rules.

The Trade Unions Act, 1926

Objective

To confer a legal and corporate status on registered trade unions.

Scope and Coverage

- Applicable to unions of workers as well as associations of employers.
- Extends to the whole of India.
- A central legislation but administered and enforced by the state governments.

Main Provisions

- Defines trade union.
- Registration of a trade union by any seven or nine workers of an establishment on applying with a copy of the rules of the union, the name and address, and the list of office bearers.
- Cancellation and dissolution of trade unions.
- Obligations of registered trade unions.
- Rights of registered trade unions.

When to Consult and Refer

- At the time of start of an enterprise.
- Throughout the running of the enterprise.

The Industrial Disputes Act

Objectives

To provide a machinery for peaceful resolution of disputes and to promote harmonious relation between employers and workers.

Scope and coverage

- Applicable to all industrial and commercial establishments
- Covers all workers and supervisors drawing salaries up to Rs. 1600/- per month.
- Not an applicable to person employed in managerial and administrative capacities.

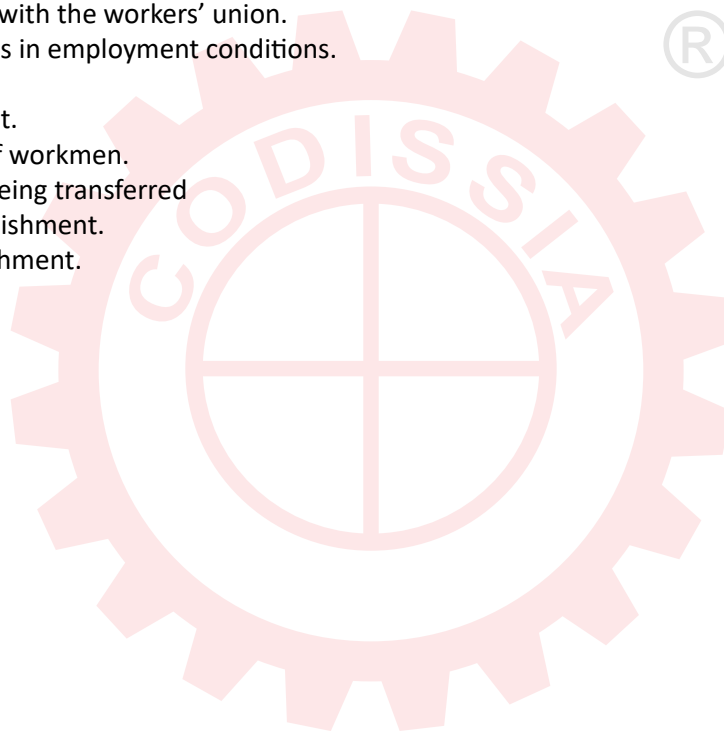
Main provisions

- Defines industry, industrial dispute, layoff, lockout, retrenchment, trade union, strike, wages, workman, etc.
- Provides machinery for investigating and settling disputes through works committees, conciliation officers, boards of conciliation, and courts of enquiry, labour courts, tribunals and voluntary arbitration.
- Reference of dispute for adjudication.
- Awards of labour courts and tribunals.
- Payment of wages to workers pending proceedings in High Courts.
- Rights of appeal.
- Settlements in outside conciliation.
- Notice of change in employment conditions.
- Protection of workmen during pendency of proceedings
- Strike and lockout procedures.

- Lay-off compensation.
- Retrenchment compensation.
- Proceedings for retrenchment.
- Compensation to workmen in case of transfer of undertakings.
- Closure procedures.
- Reopening of closed undertakings.
- Unfair labour practices.
- Recovery of money due from employer.
- Penalties.
- Obligations and rights of employees.

When to consult and refer

- When a dispute arises with the workers' union.
- When you plan changes in employment conditions.
- When there is a strike.
- When there is a lockout.
- When retrenchment of workmen.
- When undertaking is being transferred
- On closure of an establishment.
- On re-opening establishment.



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Export Certifications



To export goods as a Micro, Small, or Medium Enterprise (MSME), you'll need to obtain an Importer-Exporter Code (IEC) and a Registration-cum-Membership Certificate (RCMC).

IEC

- Apply online at [Click Blue Box](#)
- Pay a fee of Rs. 500
- Submit a valid digital signature token (Class II or III)
- Submit copies of your PAN card and Aadhar card
- Provide your mobile number, email ID, address, and bank account details

RCMC

Obtain an RCMC from the Export Promotion Councils/FIEO/Commodity Boards/ Authorities

Other requirements

- Set up a company with an attractive name and logo
- Open a current account with a bank authorized to deal in Foreign Exchange
- Obtain a PAN from the Income Tax Department
- Export assistance
- The Capacity Building of First Time Exporters (CBFTE) component of the IC Scheme provides reimbursement for RCMC, Export Insurance Premium, and testing & quality certification
- The Ministry of MSME has established Export Facilitation Centers (EFCs) to provide mentoring and support to MSMEs
- You can also consider the MSME Sustainable (ZED) Certification Scheme to promote Zero Defect Zero Effect (ZED) practices.

E-commerce Export for MSMEs



E-commerce can help micro, small, and medium enterprises (MSMEs) export their goods globally. The government of India is promoting e-commerce exports through the Districts as Export Hubs (DEH) initiative.

How the DEH initiative helps MSMEs

- Educates MSMEs about e-commerce exports
- Helps MSMEs sell globally
- Provides training and support for digital cataloging and imaging of products
- Links local producers with global supply chains

Challenges for MSME exports

- Compliance processes, especially payment reconciliation
- Lack of skills for online selling, such as cataloguing
- Data privacy issues
- Online fraud

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COMPLIANCE BASED ON FORMATION OF MSME

MSME COMPLIANCE

All You Need to Know



MSME compliance includes following legal, regulatory, and operational guidelines set by the government. Compliance is important for MSMEs to avoid penalties, build credibility, and gain customer trust.

Tax compliance

- Register for GST if your turnover exceeds a specified limit
- File GST returns regularly
- File income tax returns (ITR) every year
- Pay advance tax based on estimated annual income

MSME Form 1

- Submit MSME Form 1 to the Ministry of Corporate Affairs every six months
- Provide PAN card details and DIN details for the director, manager, CEO, CFO
- Provide FYI form, due date, and amount due for suppliers

Labor laws

- Comply with labor laws, including the EPF Act (Provident Fund) and ESI Act (Employees' State Insurance)
- Environmental laws Comply with environmental laws.

Safety laws

- Comply with safety laws, including national and international safety regulations
- Quality and safety standards Adhere to quality and safety standards and Consider industry-specific certifications.

Other compliance

- Comply with licensing requirements
- File Payables Returns, which details outstanding payment information

Penalties

- Failure to comply with MSME laws can lead to penalties, fines, legal action, loss of reputation, and even business closure

Quality Standards and Certifications



The primary quality standard and certification system is administered by the Bureau of Indian Standards (BIS), which issues the “BIS Mark” on products that meet the set quality standards, signifying compliance with relevant Indian standards and assuring consumers of high quality goods; this is often referred to as “BIS certification.”

Key points about quality standards and certification in India:

BIS Certification:

The most recognized quality standard in India, where manufacturers can voluntarily apply for a BIS mark on their products, demonstrating compliance with specific Indian quality standards.

ISO Standards:

Alongside BIS, Indian companies also widely adopt international ISO standards like ISO 9001 (Quality Management System), ISO 14001 (Environmental Management System), and others, signifying adherence to globally recognized quality practices.

Product Categories with BIS Certification:

Various products like electrical appliances, steel, food items, and more can be subject to mandatory or voluntary BIS certification depending on the product category.

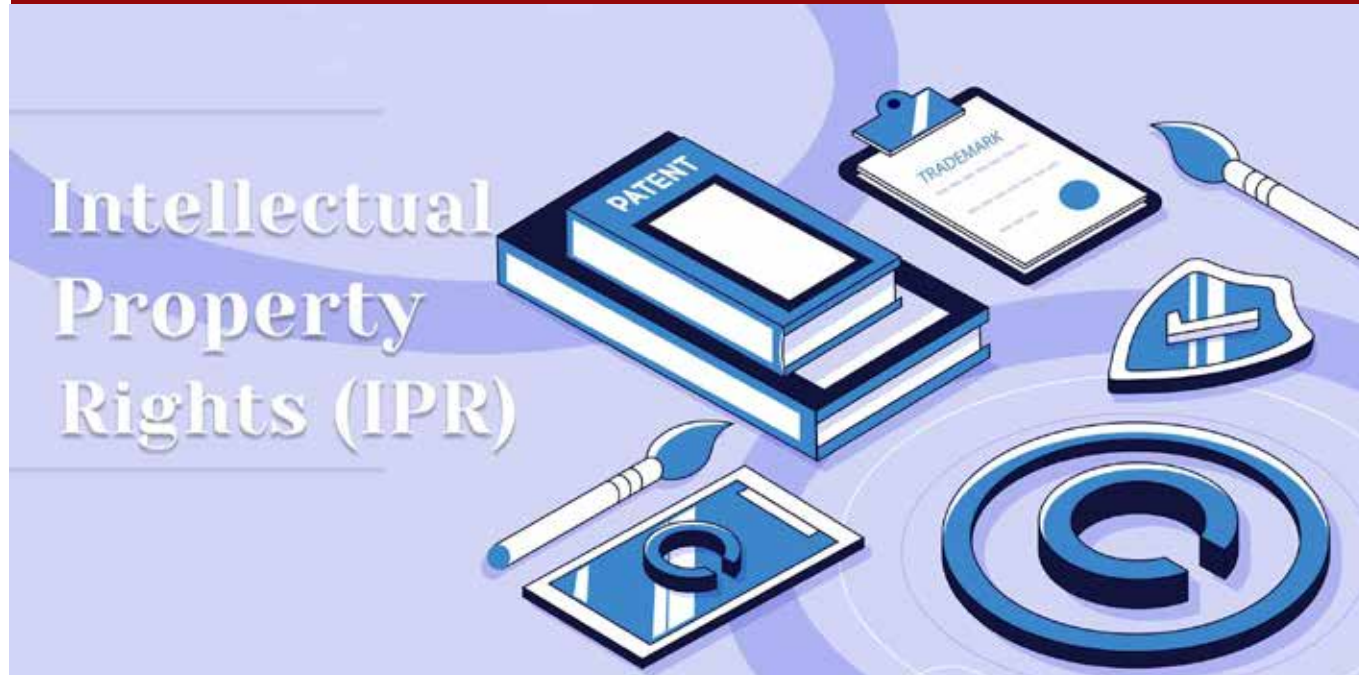
Benefits of BIS Certification:

- Increased consumer trust and confidence in product quality
- Access to wider market opportunities
- Improved brand image

Other relevant certifications in India:

- **HACCP (Hazard Analysis and Critical Control Points):** Primarily used in the food industry to ensure food safety standards
- **NPOP (National Programme for Organic Production):** Certification for organic products in India

Intellectual Property and Patents



A patent is a type of intellectual property (IP) right that protects an invention. It gives the inventor the exclusive right to stop others from using their invention for a set period of time.

How does a patent work?

- You can decide who can make, sell, or import your invention in countries where you have a patent.
- You can sell or license your patent.
- The invention must be new, non-obvious, and technically solve a problem.

Types of patents

- **Product patents:** Protect products, like heated ski boots
- **Process patents:** Protect processes, like a method for freeze-drying coffee
- **Design patents:** Protect the visual presentation of an object
- **Plant patents:** Protect new varieties of plants, like hybrids

Other types of intellectual property:

- **Copyright:** Protects original works of authorship, like literature, music, and films
- **Trademarks:** Distinctive, non-deceptive marks that identify products or services

IP organizations

The World Intellectual Property Organization (WIPO) is a global organization that promotes cooperation between nations to develop and preserve IP.

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GST and Taxation Policies



DIRECT AND INDIRECT TAXES

Difference between Direct and Indirect Taxes in India

In India, taxes are broadly classified into two categories: direct taxes and indirect taxes. Understanding the differences between these two types of taxes is crucial for taxpayers as it affects how they manage their financial obligations to the government.

Direct Taxes

Direct taxes are those that are levied directly on an individual's or entity's income or profits. The taxpayer is responsible for paying these taxes directly to the government, and this liability cannot be transferred to another party. The Central Board of Direct Taxes (CBDT) oversees the administration and collection of direct taxes in India.

Categories of Direct Taxes:

- **Income Tax:** This is the most common form of direct tax, imposed on the income earned by individuals and entities during a financial year. The rates are determined based on income tax slabs set by the Income Tax Department.
- **Capital Gains Tax:** This tax applies to profits made from the sale of capital assets such as property or investments. It can be classified into long-term capital gains (LTCG) and short-term capital gains (STCG), depending on how long the asset was held before sale.
- **Securities Transaction Tax (STT):** This tax is applicable to transactions involving securities traded on stock exchanges, regardless of whether there is a profit or loss.

Indirect Taxes

Indirect taxes, on the other hand, are levied on goods and services rather than on income or profits. These taxes are collected by intermediaries (such as sellers) who then pass them on to the government. The Central Board of Indirect Taxes and Customs (CBIC) manage these taxes.

Categories of Indirect Taxes:

- **Goods and Services Tax (GST):** GST is a comprehensive indirect tax that has replaced various other indirect taxes like value-added tax (VAT), service tax, and excise duty. It simplifies taxation by creating a unified tax structure across goods and services.
- **Customs Duty:** This tax is imposed on goods imported into India from abroad, ensuring that products entering the country are taxed appropriately.
- **Excise Duty:** Although largely replaced by GST for many goods, excise duty still applies to specific products manufactured within India.

Key Differences between Direct and Indirect Taxes:

- **Payment Responsibility:** Direct taxes are paid directly by individuals or entities; indirect taxes are paid through intermediaries when purchasing goods or services.
- **Tax Base:** Direct taxes are based on income or profits; indirect taxes depend on consumption patterns.
- **Transferability:** The burden of direct taxes cannot be shifted; however, indirect taxes can be passed along through pricing mechanisms.

In summary, understanding both direct and indirect taxes along with their respective categories help taxpayers navigate their obligations effectively while contributing to national revenue.

Schemes for the Development and Promotion of Women Entrepreneurs



According to the Third All India Census of Small Scale Industries conducted in 2001-02 and subsequent estimates made, only 10.11% of the Micro and Small Enterprises in India are owned by women while 9.46% of the MSE enterprises are managed by women. Currently (2006-07) their estimated number is 12.99 lakhs women managed enterprise and 12.15 lakhs women managed enterprise.

In order to encourage more and more women enterprises in the MSE sector, several schemes have been formulated by this Ministry and some more are in the process of being finalized, targeted only at the development of women enterprises in India.

1. TRADE RELATED ENTREPRENEURSHIP ASSISTANCE AND DEVELOPMENT SCHEME FOR WOMEN (TREAD)

With a view to encourage women in setting up their own ventures, government implements a Scheme, namely, "Trade Related Entrepreneurship Assistance and Development (TREAD) during the 11th Plan. The scheme envisages economic empowerment of women through the development of their entrepreneurial skills in non- farm activities. There are three major components of the scheme;

- I. GoI grant upto 30% of the total project cost to the Non-Government Organisations (NGOs) for promoting entrepreneurship among women. The remaining 70% of the project cost is financed by the lending agency as loan for undertaking activities as envisaged in the project.
- II. GoI grant upto Rs.1 lakh per programme to training institutions / NGOs for imparting training to the women entrepreneurs, subject to these institutions/NGOs bring their share to the extent of minimum 25% of GoI grant and 10% in case of NER.
- III. Need-based GoI grants upto Rs.5 lakhs to National Entrepreneurship Development Institutions and any other institutions of repute for undertaking field surveys, research studies, evaluation studies, designing of training modules etc.

Operationalisation of the Scheme

The scheme envisages that Women Associations/NGOs/SHGs should prepare composite bankable proposals for a group of women entrepreneurs, and submit to the office of the DC (MSME) for forwarding to the Banks for their appraisal. Bank examines the proposal and issues approval. 30% of the loan amount is sanctioned as grant and made available to the bank by office of DC (MSME) for further disbursement to NGOs.

2. MICRO & SMALL ENTERPRISES CLUSTER DEVELOPMENT PROGRAMME (MSE-CDP)

a) Existing Clusters:

A cluster is defined as a group of enterprises, ideally having 100 members, producing same/similar products/services. While 100 members could be the minimum per cluster, depending on the density of population and other factors, even 200-300 could be a good target group for undertaking Diagnostic Study and the subsequent Soft Interventions in a cluster. However, in difficult and backward regions the target numbers could come down to 50 or less but it should not be too small as a lot of Government expenditure is made per cluster. The Cluster Development Programme (CDP) being implemented envisages diagnostic study of identified clusters of traditional skill-based MSEs to identify appropriate technologies and their providers and to facilitate adoption of available technology meeting the specific needs of the end users. The Cluster Development aims at enhanced competitiveness, technology improvement, adoption of best manufacturing practices, marketing of products, employment generation etc. The scheme provides assistance for capacity building, common facilities, marketing etc. the delivery, assimilation and diffusion of the identified technology from its producers to the recipient user/cluster of small enterprises.

Type of interventions

(i) **Soft Interventions** – capacity building activities in the cluster where no fixed assets is acquired or formed. Soft interventions, inter alia, include

- Diagnostic study
- Forming association – Trust building & Developing Identity
- Capacity building,
- Organizing workshops, seminars,
- Training & Exposure visits,
- Market development,
- Launch of Website,
- Common procurement,
- Common/complementary sales and branding;

In the past depending upon the type of cluster, assistance available for soft interventions has varied in the range of Rs.25–35 lakh per cluster. Currently we have an internal ceiling of Rs.10 lakh for soft intervention under this Scheme.

(ii) **Hard Interventions** – Hard interventions, inter alia, include

- Setting up of Common Facility Centre (CFCs),
- Mini Tool Room
- Design Centre,
- Testing Facilities
- Training Centre,
- R&D Centre
- Common Raw Material Bank/Sales depot, etc.
- Display/Exhibition Centre

In case of the hard intervention the contribution from the M/o MSME varies between 30- 80% of the total project cost, but in the case of clusters owned and managed by women entrepreneurs, contribution of the M/o MSME could be upto 90% of the project cost.

b) Creation of physical infrastructure:

This Ministry implemented the IID Scheme to provide developed sites with infrastructural facilities like power distribution network, water, telecommunications, drainage and pollution control facilities, roads, exhibition/display

enters, raw materials, storage and marketing outlets, common service facilities and technological back-up services, etc. This scheme has been subsumed in the MSME-Cluster Development Programme. All the features of IID Scheme have been retained.

To create physical infrastructure exclusively for women enterprises central grant of 40% of the project cost subject to a maximum of Rs.2 crores is available. The Ministry of MSME is making efforts to enhance the quantum of grant to 80% in a project of Rs.10 crores.

Operationalisation of the Scheme

- i) A Cluster Development Executive (CDE) is required for executing and monitoring all soft interventions in a cluster. Normally, a CDE can be a DIC Officer/MSME-DI officer/retired expert or even hired person from Non-Government Sector.
- ii) The hard interventions in a cluster and creation of physical infrastructure require to set up a user's body/special purpose vehicle which could be society/trust/company to be formed by the cluster beneficiaries.

3. CREDIT GUARANTEE FUND SCHEME FOR MICRO AND SMALL ENTERPRISES

The Scheme was launched in August 2000 to ensure better flow of credit to micro and small enterprises by minimizing the risk perception of financial institutions and banks in lending without collateral security. Under the scheme, guarantee cover is provided to collateral free credit facility extended by Member Lending Institutions (MLIs) to the new as well as existing micro and small enterprises on loans up to Rs.50 lakhs. The guarantee cover available is up to 75% of the loans extended. The extent of guarantee cover is 80% for (i) micro enterprises for loans up to Rs.5 lakhs; (ii) MSEs operated and/or owned by women; and (iii) all loans in the North-East Region. The lending institutions availing guarantee from the Trust have to pay one time guarantee fee of 1.5% and service charges of 0.75% per annum of the credit facility sanctioned. For loans up to Rs.5 lakhs, the onetime guarantee fee is 1% and service charges are 0.5% per annum of the credit facility sanctioned.

4. SUPPORT FOR ENTREPRENEURIAL AND MANAGERIAL DEVELOPMENT

MSME DIs regularly conducts EDPs/MDPs for existing and prospective entrepreneurs and charge nominal fee for such courses. To encourage more entrepreneurs from among the SC/ST, women and physically challenged groups, it is proposed that such beneficiaries will not be charged any fees but, instead paid a stipend of Rs.500/- per capita per month, under Promotional Package Programmes. 50,000 entrepreneurs will be trained in IT, Fashion Technology, Catering, Agro& Food Processing, Pharmaceutical; biotechnology etc. through specialized courses run by MSME DIs. 20%of courses conducted by these Institutions shall be exclusively for women.

5. EXHIBITIONS FOR WOMEN UNDER PROMOTIONAL PACKAGE FORMICRO & SMALL ENTERPRISES APPROVED BY CCEA UNDER MARKETING SUPPORT

DC (MSME) has formulated a scheme for women entrepreneurs to encourage Small& Micro manufacturing units owned by women and register in DI/DIC in their efforts at tapping and developing overseas markets, to increase participation of representatives of small/micro manufacturing enterprises under MSME stall at International Trade Fairs/Exhibitions, to enhance export from such units. Under this scheme, participation of women entrepreneurs in 25 international exhibitions is envisaged during the 11th Plan (2007-2012).

With a view to encourage women entrepreneurs to participate in the International Exhibitions under MDA scheme it has been decided to:

Provide rent free space (6/9SqMts) in the exhibitions reimburse 100% economy class airfare for one representative The overall ceiling shall however be Rs. 1.25 lakhs.

Hazardous Industries – Categories



Hazardous industries can be categorized by the type of products they manufacture, process, or store. They can also be categorized by the level of environmental impact they have.

By product type

Oil refineries, Fertilizers, Dyes and dye intermediates, Chlor-alkali, Pharmaceuticals, Petrochemicals, and Pesticides.

By environmental impact

- **Red category:** Industries that produce toxic effluents and are subject to the strictest scrutiny
- **Orange category:** Industries with a higher pollution index than green and white industries
- **Green category:** Industries with a lower pollution index than red and orange industries
- **White category:** Industries that are considered “practically non-polluting”

By potential hazard

- **Chemical and petrochemical industries:** Industries that process, manufacture, refine, or store chemical and petrochemical products

By flammable substances

- **Class 3 flammable liquids:** Flammable substances such as gasoline and alcohol

The Ministry of Environment and Forest and Climate Change classifies industries into these categories.

The Ministry of Environment and Forest and Climate Change (MoEFCC) classifies industries into four categories: Red, Orange, Green, and White. The classification is based on the Pollution Index score of the industries.

Explanation

- **Red category:** Industries with a Pollution Index score of 60 or more. These industries are subject to the strictest scrutiny because they produce toxic effluents.
- **Orange category:** Industries with a Pollution Index score of 41 to 59.
- **Green category:** Industries with a Pollution Index score of 21 to 40.
- **White category:** Industries with a Pollution Index score of 20 or less. These industries are considered practically non-polluting.

The classification is based on scientific criteria, including the relative pollution potential of the industries. It also considers the use of raw materials, manufacturing processes, and the pollutants that are expected to be generated.

The White category industries do not require Consent to Operate. Instead, intimation to the concerned SPCB or PCC is sufficient.

ECGC Ltd.

ECGC Ltd., wholly owned by Government of India was, set up in 1957 with the objective of promoting exports from the country by providing Credit Risk Insurance and related services for exports. Over the years it has designed different export credit risk insurance products to suit the requirements of Indian exporters and commercial banks extending export credit.

ECGC is essentially an export promotion organization, seeking to improve the competitiveness of Indian exporters by providing them credit insurance covers. ECGC keeps its premium rates at the optimum level.

This brochure contains various export credit risk insurance products/covers available to the exporters. The Corporation also issues specific customized covers to the exporters to meet the individual needs.

Seven Fundamental Principles of Credit Insurance.

Principle of Utmost Good Faith

The person getting insured must voluntarily disclose to the insurer, complete and true information regarding export transactions / business sought to be insured. Correspondingly, insurer must provide to the insured, complete and clear information regarding terms and conditions of the contract of Insurance.

Principle of Insurable Interest

The insured must have pecuniary interest in the contract of insurance. The insured must stand to benefit from the receipt of export proceeds and to suffer the losses arising due to commercial and political risk specified in the policy.

Principle of Indemnity

A credit insurance policy is offered by the insurer for giving protection against unpredicted financial losses arising due to political and commercial risks. The compensation cannot be more than the actual loss. Further, the compensation paid will be on account of losses specified in the policy and incurred by the insured during the policy period.

Principle of Risk Sharing

The credit insurer does not indemnify 100% of the losses incurred by the insured, but a certain mutually agreed percentage of the losses, thus envisaging that the insured has a reasonable stake in the export transactions. This should be borne out by the manner in which the insured carries out the transaction(s) and protects the asset.

Principle of Causa Proxima (Nearest Cause)

When a loss is caused by more than one cause, the proximate or the nearest or the closest cause will be taken into consideration to decide the liability of the insurer.

Principle of Loss Minimization

It is the duty of the insured to take all possible steps to minimize loss arising on account of risks specified in the policy. It is the responsibility of the insured to take all practicable measures to avoid further losses.

Principle of Subrogation of Rights

The insurer, having compensated the insured for the losses, is entitled to avail himself of the rights to recover the same from the buyer/ importer/ debtor. Upon payment of a claim by the insurer, the insured shall take all necessary steps to effect recoveries or shall on the advice of the insurer, assign and transfer his rights and remedies for recovery to the insurer.

Generally, the following risks are covered under the various Policy Schemes for Exporters:**1. Commercial Risks**

- Insolvency of the buyer
- Failure of the buyer to make payment due within a specified period, normally 4 months from the due date.
- Buyer's failure to accept the goods, subject to certain conditions.
- Insolvency and Protracted Default of the LC Opening Bank in an LC Transaction, if any, Covered under the Policy.

2. Political Risks

- Imposition of restriction by the Government of the buyer's country or any Government action which may block or delay the transfer of payment made by the buyer.
- War, civil War, revolution or civil disturbances in the buyer's country.
- New Import restrictions or cancellation of a valid import licence.
- Interruption or diversion of voyage outside India resulting in payment of additional freight or insurance charges which cannot be covered by the buyer.
- Any other cause of loss occurring outside India, not normally insured by general insurers, and beyond the control of both the exporter and the buyer.

Risks Not Covered

The Policies do not cover losses due to the following risk.

- Commercial disputes including quality disputes raised by the buyer, unless the exporter obtains a decree from a competent court of law in the buyer's country in his favour.
- Causes inherent in the nature of the goods.
- Buyer's failure to obtain necessary import or exchange authorization from authorities in his country.
- Insolvency or default of any agent of the exporter or of the collecting bank.
- Loss or damage of goods which can be covered by general insurers.
- Exchange rate fluctuation.
- Failure of the exporter to fulfill the terms of the export contract or negligence on his part.

1. Shipment Comprehensive Risks Policy (SCR)

An exporter whose annual export turnover is more than Rs.500 lakhs is eligible for this Policy. All shipments are required to be covered under the Policy.

Period of the Policy
12 months

Exclusions Permitted

- Exports to Associates
- Letters of Credit

Risks Covered

- Commercial Risks / Buyer Risk
- Political Risks
- LC Opening Bank Risks

Percentage of Cover
• 90%

Minimum Premium

- Rs.10,000/- adjustable towards premium falling due on shipments effected under the policy and is non-refundable.

Important Obligations of the Exporter

- Obtaining valid credit limit on buyers and LC Opening Banks from ECGC
- Premium is payable in advance before commencement of risk and sufficient premium deposit is also to be maintained during the policy period.
- Monthly Declaration of shipments to be submitted by 15th of the subsequent month.
- Declaration of payment for overdue bills remain unpaid by more than 30 days from its due date of payment, to be submitted by 15th of the subsequent month
- Filing of claim within 360 days from the due date of the export bill.
- Sharing of recovery
- Initiating recovery steps including legal actions

Highlights

- Higher percentage of cover
- Competitive Premium Rate
- NCB of 5% subject to no claim, up to maximum of 50%
- Discrepancy covers for LC transactions subject to certain conditions.
- Automatic cover for resale/reshipment up to 25% of GIV
- Availability of discretionary limit on buyer on conditions.
- Cover for Merchanting trade with prior approval by an endorsement.

2. Small Exporters Policy (SEP)

An exporter whose annual export turnover is less than Rs.500 lakhs is eligible for this Policy. All shipments are required to be covered under the Policy.

Period of the Policy
12 months

Exclusions Permitted

- Exports to Associates
- Letters of Credit

Risks Covered

- Commercial Risks / Buyer Risk
- Political Risks
- LC Opening Bank Risks

Percentage of Cover

- 95% for commercial risks and 100% for Political Risks.

Minimum Premium

- Rs.5,000/- adjustable towards premium falling due on shipments effected under the policy and is non-refundable.

Important Obligations of the Exporter

- Obtaining valid credit limit on buyers and LC Opening Banks from ECGC.
- Premium is payable in advance before commencement of risk and sufficient premium deposit is also to be maintained during the policy period.
- Monthly Declaration of shipments to be submitted by 15th of the subsequent month.
- Declaration of payment for overdue bills remain unpaid by more than 30 days from its due date of payment, to be submitted by 15th of the subsequent month
- Filing of claim within 360 days from the due date of the export bill.
- Sharing of recovery
- Initiating recovery steps including legal actions

Highlights

- Highest percentage of cover
- Competitive Premium Rate
- NCB of 5% subject to no claim, up to maximum of 50%
- Discrepancy covers for LC transactions subject to certain conditions.
- Automatic cover for resale/reshipment up to 25% of GIV. The corporation may also consider higher losses on account of resale on merits.
- Availability of discretionary limit on buyer on conditions.
- Cover for Merchanting trade with prior approval by an endorsement.

- Conversion of a bill drawn on D/P basis into D/A bill without prior approval of the corporation provided the exporter has obtained a suitable credit limit on the buyer on D/A terms. Where the exporter has obtained limit only on D/P terms, conversion to D/A without prior approval of corporation may be considered provided the value of the bill is not more than Rs.3 Lakh.
- The normal waiting period for settlement of claim is reduced to two months.

3. Specific Shipment Policies-Short Term (SSP-ST)

These policies can be availed of by exporters who do not hold our Standard Policy or by exporter having Standard Policy, in respect of shipments permitted to be excluded from the purview of the Standard Policy. Exporter can pick and choose the contract/shipment to be covered and indicate the type of cover required.

Period of the Policy

The policy would be valid for shipment(s) made from the date of issue of the policy up to last date allowed under the relevant contract for shipment.

Risks Covered

- Commercial Risks / Buyer risks
- Political Risks
- LC Opening Bank Risks

Percentage of Cover
80%

Important Obligations of the Exporter

- Processing fee of Rs.2000/-(Non-refundable)
- Upfront premium payment in full.
- Statement of shipments made by 15th of the subsequent month.
- Submission of Payment Advice Slip (PAS).
- Declaration of payment for overdue bills remain unpaid by more than 30 days from its due date of payment, to be submitted by 15th of the subsequent month
- Filing of claim within 360 days from the due date of the export bill.
- Sharing of recovery
- Initiating recovery steps including legal actions

Highlights

- Selection for insurance cover
- All Other exports, if any, not to be declared

- Cover for Merchanting trade with prior approval by an endorsement

4. Exports (Specific Buyers) Policy (BWP)

The Specific Buyers Policy provides cover for shipments made to a particular buyer or set of buyers. An exporter not holding the Standard Policy can avail of this to cover their shipments to one or more buyers. Exporters holding Standard Policy can also avail this policy for covering shipments to individual buyers, if all shipments to such buyers have been permitted to be excluded from the purview of the Standard Policy.

Period of the Policy

12 months

Risks Covered

- Commercial Risks / Buyer Risk
- Political Risks
- Insolvency or Default of LC Opening Bank

Percentage of Cover

- 80 %

Important Obligations of the Exporter

- Processing fee of Rs.2000/-(Non-refundable)
- Upfront premium payment in full.
- Statement of shipments made by 15th of the subsequent month.
- Submission of Payment Advice Slip
- Declaration of payment for overdue bills remain unpaid by more than 30 days from its due date of payment, to be submitted by 15th of the subsequent month
- Filing of claim within 360 days from the due date of the export bill.
- Sharing of recovery
- Initiating recovery steps including legal actions

Highlights

- Selection for insurance cover
- All Other exports, if any, not to be declared
- No Claim Bonus (NCB) of 5% subject to no claim, up to maximum of 50%.
- Separate Policy per buyer.

5. Exports Turnover Policy (ETP)

Turnover Policy is for the benefit of large exporters who contribute not less than Rs.20 lakhs per annum towards premium. The policy envisages projection of the export turnover of the policyholder for a year and the initial determination of the premium payable on that basis, subject to adjustment at the end of the year based on actual.

Period of the Policy

12 months

Exclusions Permitted

- Exports to Associates
- Letters of Credit

Risks Covered

- Commercial Risks/ Buyer Risk
- Political Risks
- LC Opening Bank Risks

Percentage of Cover

90 %

Important Obligations of the Exporter

- Obtaining valid credit limit on buyers and LC Opening Banks from ECGC
- Premium is payable in advance before commencement of risk and sufficient premium deposit is also to be maintained during the policy period.
- Monthly Declaration of shipments to be submitted by 15th of the subsequent month.
- Declaration of payment for overdue bills remain unpaid by more than 30 days from its due date of payment, to be submitted by 15th of the subsequent month
- Filing of claim within 360 days from the due date of the export bill.
- Sharing of recovery
- Initiating recovery steps including legal actions

Highlights

- Higher percentage of cover
- Competitive Premium Rate
- NCB of 5% subject to no claim, up to maximum of 50%
- A Turnover discount in the standard premium rate is offered subject to total discount including NCB being not less than 20%
- Additional discount in standard premium rate is offered if the actual premium exceeds beyond 10% of the projected premium.
- Discrepancy covers for LC transactions subject to certain conditions.
- Automatic cover for resale/reshipment up to 25% of GIV
- Availability of higher discretionary limit on buyer on conditions.
- Cover for Merchanting trade with prior approval by an endorsement

6. Buyer Exposure Policy (SBEP)

The Buyer Exposure Policy is to insure the exporters having large number of shipments with simplified procedure and rationalized premium. An exporter can choose to obtain exposure based cover on a selected buyer.

The cover would be against commercial and political risks. If the exporter has opted for commercial and political risks cover, failure of LC opening bank with World Rank up to 25000 as per latest Bankers Almanac is available. If exporter opts for only political risks premium at a lesser rate is offered. One buyer one policy shall be issued.

Period of the Policy

12 months

Risks Covered

- Buyer Risks/ Commercial Risks.
- LC Opening Bank Risks
- Political Risks

Percentage of Cover

90% for Standard policyholders and 80% for others

Important Obligations of the Exporter

- Processing fee of Rs.2000/-(Non-refundable)
- Upfront premium payment in full on the Loss Limit.
- Obtaining prior approval for extending the due date of the export bill where total credit period of realization exceeds 180 days
- Declaration of payment for overdue bills remain unpaid by more than 30 days from its due date of payment, to be submitted by 15th of the subsequent month
- Filing of claim within 360 days from the due date of the export bill.
- Sharing of recovery
- Initiating recovery steps including legal actions

Highlights

- Protection is available up to the loss limit approved on the buyer under the Policy
- Premium is payable only on Loss Limit approved on the buyer, irrespective of the shipments effected to the buyer.
- NCB of 5% subject to no claim, up to maximum of 50%
- Declaration procedure waived
- Separate policy per buyer
- Selective buyer can be insured.

7. Multi-Buyer Exposure Policy

Some exporters export to large number of buyers. The number of shipments made by them is also quite high. In order to meet the needs of such exporters, Multi-buyer Exposure Policy is introduced. Cover would be available for exports to the buyers in countries listed under open cover category as long as the buyer is not in "default buyers list" maintained by the Corporation and available on its website www.ecgc.in. If the transaction is on LC terms, failure of the LC opening bank in respect of

exports against LC will also be covered, for banks with World Rank up to 25000 as per latest Banker's Almanac. Cover in respect of exports to *restricted cover countries* would not be available under this policy.

Period of the Policy:

12 months

Exclusions Permitted

- Letters of Credit

Risks Covered:

- Buyer Risks/ Commercial Risks.
- LC Opening Bank Risks
- Political Risks

Percentage of Cover: 80%

Important Obligations of the Exporter

- Processing fee of Rs.10,000(non-refundable) is payable.
- Premium will be payable in four equal quarterly installments in advance on or before its respective due date on the Aggregate Loss Limit (ALL)
- Submission of quarterly statement of shipments before the end of the first month of the subsequent quarter.
- Obtaining prior approval for extending the due date of the export bill where total credit period of realization exceeds 180 days
- Declaration of payment for overdue bills remain unpaid by more than 30 days from its due date of payment, to be submitted by 15th of the subsequent month
- Filing of claim within 360 days from the due date of the export bill.
- Sharing of recovery
- Initiating recovery steps including legal actions

Highlights

- Policy is best suited for mid-sized exporters (having export turnover of Rs.20crores and above but less than Rs.100 crores)exporters who make frequent shipments
- 5% reduction on total premium on annual premium.
- Quarterly declaration required
- All buyers in countries placed in open cover category covered subject to conditions
- Protection up to Aggregate Loss Limit (ALL) under the policy and upto a percentage of ALL (5% for mid-sized exporters and 10% for large exporters) on individual buyers referred to as Single Loss Limit (SLL), on conditions.
- Discrepancy cover for L/C transactions subject to certain conditions
- Automatic cover for resale/reshipment up to 25% of GIV

- Premium is payable only on Loss Limit approved on the buyer, irrespective of the shipments effected to the buyer.
- NCB of 5% subject to no claim, up to maximum of 50%

8. Consignment Exports Policy (Global Entity)

A method adopted by Indian exporters is consignment exports where goods are shipped to their own branch office overseas ready for sale to overseas buyers, as and when orders are received. Thus separate credit insurance policy is introduced to cover exclusively shipments by the exporters to their branches overseas on consignment basis taking into account their special features, providing adequate incentives and simplifying the procedures considerably.

Period of the Policy

12 months

Risks Covered

- Commercial Risks on ultimate buyers
- Political Risks
- Insolvency Risk on the Global Entity on conditions

Percentage of Cover

90% for Standard policyholders and 80% for others

Important Obligations of the Exporters

- Comply with RBI Guidelines
- Processing fee of Rs.4000/-(non-refundable) is payable.
- Premium is payable on quarterly or monthly basis in advance before commencement of risks and sufficient premium deposit is also to be maintained in advance based on your turnover projections at all times during the policy.
- Obtaining credit limit on ultimate buyers beyond the discretionary limit.
- Submission of monthly declaration of shipments by 15th of subsequent month along with the statement of stock with the agent and details of sales effected to the ultimate buyers.
- Declaration of payment for overdue bills remain unpaid by more than 30 days from its due date of payment, to be submitted by 15th of the subsequent month
- Filing of claim within 360 days from the due date of the export bill or 600 days from expiry date of the policy cover, whichever is earlier.
- Sharing of recovery
- Initiating recovery steps including legal actions

Highlights

- Covers only the exports effected under consignment sale.
- Extended period of realization upto 360 days.
- Automatic cover for ultimate buyers up to discretionary limit subject to buyers being in a country placed in Open Cover Category and not in the list of buyers on whom the corporation has adverse information referred to as Buyer Specific Approval List(BSAL).
- Commercial risk on the Global Entity for insolvency is covered on conditions.
- NCB of 5% subject to no claim, up to maximum of 50%

- Obtaining credit limit on ultimate buyers beyond the discretionary limit.
- Submission of monthly declaration of shipments by 15th of subsequent month along with the statement of stock with the agent and details of sales effected to the ultimate buyers.
- Declaration of payment for overdue bills remain unpaid by more than 30 days from its due date of payment, to be submitted by 15th of the subsequent month
- Filing of claim within 360 days from the due date of the export bill or 600 days from expiry date of the policy cover, whichever is earlier.
- Sharing of recovery
- Initiating recovery steps including legal actions

10. Consignment Exports Policy (Stockholding Agent)

Economic liberalization and gradual removal of international barriers for trade and commerce are opening up various new avenues of export opportunities to Indian exporters of quality goods. A method increasingly adopted by Indian exporters is consignment exports where goods are shipped and held in stock overseas ready for sale to overseas buyers, as and when orders are received. Thus separate credit insurance policy is introduced to cover exclusively shipments on consignment basis taking into account their special features, providing adequate incentives and simplifying the procedures considerably.

Period of the Policy

12 months

Risks Covered

- Commercial Risks on stockholding agent and/or ultimate buyers
- Political Risks

Percentage of Cover

90% for Standard policyholders and 80% for others

- Comply with RBI Guidelines

Processing fee of Rs.4000/-(non- refundable) is payable.

Important Obligations of the Exporters

- Comply with RBI Guidelines
- Processing fee of Rs.4000/-(non-refundable) is payable.
- Premium is payable on quarterly or monthly basis in advance before commencement of risks and sufficient premium deposit is also to be maintained in advance based on your turnover projections at all times during the policy.

Highlights

- Covers only the exports effected under consignment sale.
- Extended period of realization upto 360 days.
- Automatic cover for ultimate buyers up to discretionary limit subject to buyers being in a country placed in Open Cover Category and not in the list of buyers on whom the corporation has adverse information referred to as Buyer Specific Approval List(BSAL).
- Commercial risk on the Global Entity for insolvency is covered on conditions.
- NCB of 5% subject to no claim, up to maximum of 50%

Note: when in doubt, do not hesitate to contact ECGC for clarifications.

For further details please visit us at: www.ecgc.in

E-mail: coimbatore@ecgc.in Phone: 0422-2304775 / 776 / 778 / 779

StartupTN – Schemes & Initiatives for Entrepreneurs

StartupTN, the nodal agency of the Government of Tamil Nadu for startups and innovation, offers a comprehensive range of policy support, funding access, incubation, mentorship, market linkages, and global expansion opportunities.

Policy Framework

Tamil Nadu Startup and Innovation Policy 2023–2028

Provides the overarching framework to promote entrepreneurship, innovation, and inclusive growth across sectors and regions in Tamil Nadu.

Funding & Investment Support

TANSEED (Tamil Nadu Startup Seed Fund)

Equity-linked seed funding support for early-stage startups, with enhanced assistance for women-led and select sector startups.

Tamil Nadu SC/ST Startup Fund

Dedicated equity investment support for startups led by founders from Scheduled Caste and Scheduled Tribe communities.

Special Seed Grant Fund for Differently Abled and Transgender Founders

Early-stage grant support to promote inclusive entrepreneurship.

Tamil Nadu Space Tech Fund

Sector-focused funding support for startups working in core and downstream space technologies.

Startup Incentives for Technology Acquisition (under TNTTC)

Financial incentives for startups acquiring licensed technologies from academic and research institutions.

Co-Creation Fund (Fund of Funds)

Rs 100 Crore State-managed fund investing in venture capital funds to increase access to growth-stage capital for Tamil Nadu startups.

Startup Creation & Acceleration

Venture Builder Scheme

Structured startup creation programme through professional venture builders to generate new ventures in Tier-2 and Tier-3 regions.

Next Leap Scheme

One-year accelerator programme for experienced professionals transitioning into entrepreneurship.

Dockyard Programme

Investor-readiness, pitch preparation, branding, and growth mentoring support for StartupTN funded startups.

Rural & Inclusive Entrepreneurship

Gramam Thorum Puthozhil Scheme

Establishes Village Startup Communities in 100 villages to promote rural entrepreneurship through seed support, mentoring, and ecosystem linkages. One startup from each of the 100 villages are being supported with a Rs 1 lakh seed grant.

Periyar Social Justice Venture Lab

Acceleration and advisory support for social enterprises, climate-focused ventures, and SC/ST-led startups.

Thozhili Bootcamps (Women-Focused Initiative)

Women-exclusive bootcamps providing business guidance, networking, and entrepreneurial capacity building.

Incubation & Infrastructure Support

StartupTN Regional Hubs (Chennai Metro + 10 Regional Hubs)

Decentralised ecosystem support across Tier-2 and Tier-3 cities including mentoring, bootcamps, investor connects, and government linkages. Hubs established in Chennai, Madurai, Erode, Tirunelveli, Thoothukudi, Coimbatore, Trichy, Hosur, Salem, Thanjavur, Viluppuram.

Pre-Incubation Centres (PICs)

Established across educational institutions in Tier-2, Tier-3, and Tier-4 towns to support idea-stage startups.

Scale-Up Incubator Scheme

Financial support for strengthening incubation infrastructure across the State.

StartupTN Catalyst Portal

Digital platform connecting startups with incubators statewide.

StartupTN Smart Card

Access to subsidised professional services and products through empanelled partners.

Market Access & Corporate Linkages

Startup-to-Government (S2G) Initiative

Facilitates direct engagement between startups and government departments for procurement and pilot opportunities.

Corporate Innovation Initiative (Open Innovation Portal)

Connects startups with corporates such as Bosch, Samsung, Decathlon, Lowe's, Daimler, Hero MotoCorp, and others to solve real-world industry challenges.

Mentorship & Investor Connect

TANFUND Portal

Digital platform connecting startups with angel investors, VCs, and institutional investors.

MentorTN Portal

Structured mentorship platform connecting startups with domain experts and industry leaders.

Global Expansion Support

Global Coordination Centre – Dubai Desk

Supports startups exploring international markets and global investor connections.

Technology Acquisition and Commercialisation

Tamil Nadu Technology Transfer Centre (TNTTC)

Statewide nodal platform for commercialisation of academic research.

Support System

Call Centre Support

Dedicated helpline in Tamil and English for startup queries.



Startup Funding Journey in India

Introduction

Startups require different types of capital at different stages of growth. From idea validation to IPO readiness, funding sources evolve based on risk appetite, ticket size, and business maturity.

This report explains seven major types of investors, funding instruments, SME-IPO, and IPO commonly used in India:

1. Angel Investor
2. High Net-Worth Individual (HNI)
3. Venture Capital (VC)
4. Venture Debt
5. Private Equity (PE)
6. SME IPO
7. Main Board IPO

1). Angel Investor

An Angel Investor is an individual who invests personal capital into early-stage startups in exchange for equity.

They typically invest during:

- Idea stage
- Pre-seed stage
- Seed stage

Angels take high risk because startups at this stage may not have revenue or product-market fit.

Investment Size (India)

- ₹10 Lakhs to ₹1 - 2 Crores
- Sometimes pooled through angel networks

Equity & Returns

- Equity dilution: 10%–25%
- Exit horizon: 2–4 years
- Returns expected: 10x–30x (high risk, high reward)

Value Addition

Angel investors often:

- Mentor founders
- Provide strategic advice
- Introduce future investors
- Support early hiring

2).High Net-Worth Individual (HNI)

An HNI (High Net-Worth Individual) is a person with substantial investable assets (generally ₹5 Crores+ net worth).

Important distinction:

- Angel Investor = Startup-focused role
- HNI = Wealth category

Some HNIs invest in startups, but not all HNIs are angel investors.

Investment Stage

HNIs may invest in:

- Seed stage
- Growth stage
- Pre-IPO stage

Investment Size

- ₹50 Lakhs to ₹20 Crores+
- Flexible deal structures

Involvement Level

- Can be active or passive
- May negotiate board rights
- Often prefer secured or structured deals

3) Venture Capital (VC)

Venture Capital firms are professional investment institutions that manage pooled capital from multiple investors (Limited Partners).

They invest in startups with high-growth potential.

Investment Stage

- Seed
- Series A
- Series B
- Growth stage

Investment Size (India)

- ₹2 Crores to ₹500+ Crores

Equity & Governance

- Equity dilution per round: 15%–25%
- Board seat required
- Strong governance expectations

Investment Criteria

VCS focus on:

- Scalable business model
- Large addressable market (TAM)
- Revenue growth
- Strong unit economics
- Clear exit pathway

4) Venture Debt

Venture Debt is a loan provided to startups that have already raised equity funding.

It is considered non-dilutive capital (minimal equity dilution).

When Used

- After Seed or Series A
- When revenue visibility exists
- For working capital
- For inventory or expansion

Ticket Size

- ₹1 Crore to ₹500 Crores

Advantages

- Reduces equity dilution
- Extends runway
- Faster closing compared to equity rounds

Risks

- Fixed repayment obligation
- Requires strong cash flow planning

5) Private Equity (PE)

Private Equity firms invest in mature, high-revenue or profitable companies.

They focus on scaling businesses and preparing them for IPO or acquisition.

Investment Stage

- Late-stage
- Pre-IPO
- Expansion capital

Investment Size

- ₹100 Crores to ₹5000+ Crores

Ownership & Control

- May acquire 20%–60% stake
- Often demand board control
- Strong governance and compliance focus

Objective

- Improve profitability
- Expand geographically
- Prepare for IPO
- Strategic acquisitions

6) SME IPO (Small & Medium Enterprise IPO)

An SME IPO is a listing platform designed specifically for small and medium enterprises that are not yet large enough for the mainboard IPO.

It allows growing companies to raise capital from public markets with relaxed compliance requirements compared to the mainboard.

SME Platforms in India

- NSE EMERGE
- BSE SME

Eligibility Criteria (General Overview)

Though requirements evolve, typical SME IPO requirements include:

- Post-issue paid-up capital up to ₹25 Crores
- Track record of profitability (generally 2–3 years)
- Positive net worth
- Strong corporate governance
- No major legal defaults

Fundraising Size

SME IPO typically raises:

₹10 Crores – ₹200 Crores

Advantages of SME IPO

- Access to public capital
- Increased brand credibility
- Liquidity for promoters
- Lower compliance compared to mainboard
- Easier entry into capital markets

Limitations

- Lower liquidity compared to mainboard
- Institutional participation may be limited
- Smaller investor base

7) Mainboard IPO

A Mainboard IPO is a full public listing for large companies meeting stringent financial, governance, and compliance standards.

Companies listed on the mainboard have higher visibility, institutional participation, and larger fundraising capacity.

Eligibility (General Framework)

Typical criteria include:

- Minimum net tangible assets (₹3 Crores+)
- Average operating profits in 3 out of last 5 years (for profitability route)
- Net worth requirements
- Minimum public shareholding (25%)
- Strong corporate governance framework

Companies can also list under growth/innovation routes if not profitable.

Fundraising Size

Mainboard IPOs typically raise:

₹50 Crores – ₹5000+ Crores

Advantages

- High liquidity
- Institutional investors participation
- Global visibility
- Strong valuation discovery
- Access to secondary capital raises (FPO, QIP)

Regulatory Oversight

- SEBI approval (Draft Red Herring Prospectus – DRHP)
- Investment bankers
- Auditors
- Legal advisors
- Merchant bankers

Funding Opportunities for Ideation & Student Startups (India – with Tamil Nadu Focus)

Introduction

At the ideation and student stage, startups are typically pre-revenue and focused on validating ideas, building prototypes, and forming founding teams. Funding at this stage is usually non-dilutive (grants) or very early equity capital. The primary objective is proof of concept (PoC) and market validation, not aggressive scaling.

1. Bootstrapping (Self / Friends & Family)

What it is: Personal savings or small support from close network.

Typical Amount: ₹50,000 – ₹5 Lakhs

Dilution: Usually none or minimal

Best For:

- Prototype development
- Hackathon participation
- Initial product testing

2. College & University Innovation Grants

Many colleges and technical institutions provide:

- Prototype grants
- Innovation fellowships
- Pre-incubation support
- Access to labs & mentorship

Supported nationally through:

- Atal Innovation Mission
- Startup India etc

Typical Funding: ₹1 Lakh – ₹10 Lakhs

Dilution: Zero (grant-based)

3. Government Seed & Prototype Grants

A. Startup India Seed Fund Scheme (SISFS)

Startup India Seed Fund Scheme

Supports:

- Proof of Concept
- Prototype development
- Product trials

Funding Support:

- Grant up to ₹20 Lakhs
- Convertible instruments up to ₹50 Lakhs

Eligibility: DPIIT-recognized startup, early stage, innovative model

4. Tamil Nadu-Specific Opportunities

EDII Voucher Program:

Entrepreneurship Development and Innovation Institute (EDII–TN) is the state’s entrepreneurship support institution working closely with StartupTN to promote early-stage innovation and student entrepreneurship in Tamil Nadu.

Under its innovation support programs, EDII provides Voucher A and Voucher B assistance to help startups move from idea to commercialisation. Typically up to ₹2 Lakhs – ₹5 Lakhs (may vary by scheme year) for Voucher A, Typically up to ₹5 Lakhs – ₹10 Lakhs (subject to policy updates).

Tanseed:

Tanseed Tamil Nadu Startup Seed Grant Fund is a flagship initiative by the Government of Tamil Nadu (via StartupTN) offering, as of late 2025, up to ₹15 lakh in equity to early-stage, innovative startups registered in the state. It supports prototyping and market-ready products, specifically targeting sectors like green tech, rural impact, and women-led ventures.

5. Incubators & Pre-Incubation Centres

Incubators provide:

- Small seed grants
- Workspace
- Legal & compliance guidance
- Investor exposure

Examples include university incubators and technology parks like:

- Agri TBI, AIC Rise, CODISSIA Defence

Funding Support: ₹2 Lakhs – ₹25 Lakhs (varies)

6. Angel Investors (Early Student Founders)

Once MVP is ready, student founders may approach:

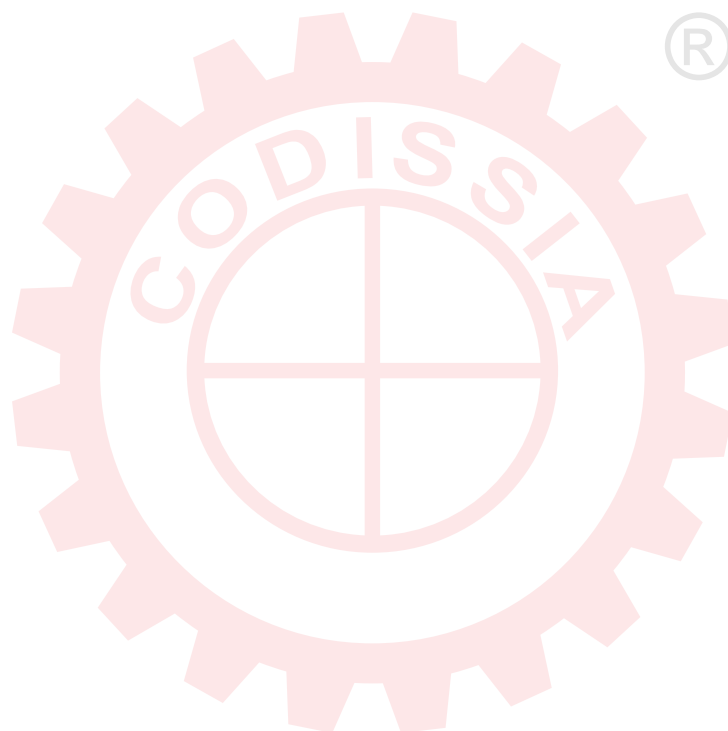
Investment Size: ₹10 Lakhs – ₹1 Crore

Dilution: 10%–25%

Suitable when product validation and early traction exist.

Conclusion:

Startup funding is a structured, stage-based journey that evolves with the growth and maturity of a business. At the ideation and student level, founders should primarily focus on bootstrapping, grants, institutional support, and government-backed schemes to minimize equity dilution. In Tamil Nadu, early validation and prototype support are strengthened through initiatives driven by the Entrepreneurship Development and Innovation Institute and StartupTN, along with seed assistance such as TANSEED. As startups move into the pre-seed and seed stages, they attract angel investors and early-stage venture capital to commercialize products and establish market traction. During the growth phase (Series A and beyond), venture capital and venture debt enable scaling, market expansion, and operational strengthening. Mature companies may then secure private equity funding to accelerate expansion and improve governance structures. Finally, businesses seeking large-scale capital and liquidity can access public markets through SME IPOs or Mainboard IPOs. Overall, successful funding depends on raising the right type of capital at the right stage, ensuring balanced dilution, sustainable growth, and long-term value creation.



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